Ownership & Control

4-1-80 – 30-3-80
Finally, she concludes, although data on incidence of silicosis on the gold mines is inadequate, 'the problem of silicosis in gold mining has to a very large extent been solved'. (The Chamber of Mines)

The provisions of the National Health Act of 1923 are analysed because:

1. the establishment of free collective bargaining rights for all workers;
2. the recognition of the right of unions to include working conditions and the enforcement thereof in the arena of collective bargaining and in industrial agreements;
3. the withdrawal of the secrecy provisions in the various Acts covering industrial health;
4. the withdrawal of the clause in the Workmen's Compensation Act preventing civil actions for damages by workers against negligent employers. This would allow workers, primarily through their unions, to make employers' negligence a very expensive matter, and the award of punitive damages in a few cases would greatly assist the unions engaged in collective bargaining in obtaining safer conditions.

A different perspective on the costs of compensation and rehabilitation - the Workmen's Compensation Commissioner and the Accident Funds approved by him pay out about R43 million a year in compensation, rehabilitation and medical expenses - are only a fraction of the total costs. There are further costs related to disruption of production and salary of injured employees not paid by the Accident Fund.

Matthysen points to several factors which, in his opinion, lead to accidents: lack of management control, personal factors (lack of knowledge or skill, 'improper motivation' and 'physical or mental problems'), job factors (such as inadequate work standards, design or purchasing standards, normal wear and tear, abnormal usage). These factors provide the opportunity for unsafe acts (operating without authority, operating at 'improper speed') or unsafe conditions, (such as inadequate guards, defective equipment and congestion) which are the immediate causes of accidents. (On the causes of accidents on the mines, see the notes by Kooi, Vol.2).

Matthysen also describes the work of the National Occupational Safety Association, established in 1951 after an investigation by the Minister of Labour into ways of reducing 'manpower waste'. He concludes that progress is being made in accident prevention; evidence of this is the lowering of insurance premiums which employers have to pay to the Workmen's Compensation Commissioner.

Two papers, by Levy (No57) and Cooper (No61) examine methods of health care for workers.

The focus of Levy's paper is the use of a 'medical team approach' to the health of workers. He suggests, like Matthysen, that it is in the interests of management to maintain and improve worker health because this leads to increased productivity and efficiency, the reduction of time lost due to ill-health and treatment and the prevention of 'premature wastage of trained manpower'.

Hanke, J. (No15A)
‘Mysterious heavy buying of SA mine group’s shares

Evidence is again accumulating in London that an “unfriendly” mystery buyer, thought to be South African or Arab, may now hold as much as 28 percent of Consolidated Gold Fields, one of the top 15 companies in Britain.

In London the South African mining giant General Mining is being strongly tipped as the “mystery” buyer, but in Johannesburg General Mining continues to knock this down.

The London Stock Exchange yesterday reacted vigorously to renewed heavy buying of Gold Fields shares. They leapt 16 pence to a record 50½ pence and at one stage touched 51¼ pence.

At these prices the company is valued at more than R1310-million.

By yesterday Gold Fields was concerned enough to draw the attention of the London Stock Exchange to what is happening.

SA HOLDING

Gold Fields would say in London yesterday only: “There has been a progressive increase in the number of unregistered transfers held by persons unknown.”

“The number of shares covered by such transfers has increased sharply in the past three weeks.”

The main attraction of Consolidated Gold Fields is its holding of 46 percent in Gold Fields of South Africa.

In Johannesburg this morning a spokesman for General Mining referred The Star back to a November statement that Genmin did not own a share in Cunsa Gold.

Gold Fields has told the Johannesburg Stock Exchange that if evidence of the buyer’s identity comes to light it will inform the JSE immediately.
Hunt for Cons Gold renewed.

LONDON. — Consolidated Gold Fields drew attention yesterday to an unidentified buyer of its shares. The renewed buying has taken place in the past three weeks, said Cons Gold.

The price of the shares rose 16p to 31p on the London Stock Exchange yesterday, reports Sigma-AP.

The chairman of Cons Gold, Lord Eroll of Hall, reported increased buying by unidentified sources of shares as an attempt to purchase a controlling interest in the company that have been circulating for weeks.

Lord Eroll said: "Since early December there has been a progressive increase in the number of unregistered transfers held by persons unknown to the directors.

"The directors have drawn this to the attention of the London Stock Exchange and believed shareholders should be told.

"The statement said the possibility of a creeping acquisition of the company was mentioned to Lord Eroll at Cons Gold's annual meeting last November, although the company's share register revealed nothing about that time.

"But in Johannesburg, company officials and investment analysts said it was unlikely that any interest was being taken in the country's second largest gold producer."

Mr Fred du Plessis, managing director of Sandlam and a director of Rank-Holding Corporation, said "Sandlam is definitely not interested in buying any shares in Cons Gold."

They said General Mining was still involved with the amalgamation of Union Corporation and a major new undertaking of the Cons Gold nature would be difficult to understand.

Analysts said that because of the nature of the takeover of Union Corporation by Cemex, British market observers tended to look to African interests to account for any sharp rise in these gold share prices.

The deputy chairman of Union Corporation, Mr Robbin Plumbridge, said: "It is very easy to write off the obvious.

"It is in the best interests of the company to invest in Africa and this is a fact."

He said the directors have been looking at a number of offers, but have not yet decided to accept any of them.

Mr Plumbridge said: "We are not going to accept any offer without a fair deal for the shareholders."
since last December. But it has apparently reached feverish proportions, both on and off the markets, in the past three weeks. And whoever is buying is simply not letting on to Cons Gold. Significant numbers of shares have not been returned to the transfer secretaries for registration in new names, and, if a full-scale takeover is being mounted, the predator is unlikely to reveal anything until he is in an invulnerable position.

**Heady Path**

London, as with most world stock exchanges, is effectively powerless to block takeovers by foreigners. A SA predator after Cons Gold is hardly likely to give the UK takeover regulations a second thought — there is no penalty that can be applied to him.

London analysts are convinced that the predator is General Mining and/or associates in the Rembrandt group. But as usual, the whole operation is shrouded in secrecy. Perhaps more to the point, a previously sanguine Cons Gold board is very rattled by the moves.

The board's actions over the next few weeks could be worth watching. There seems to be a lot of steam left in Cons Gold shares with rumours in London of an open bid by General Mining at 680p compared with the 560p range in which the share was trading on Wednesday.

Trading in Diagonal Street started the week hesitantly as gold traded in a fairly narrow band around $660, and a high financial-rand inhibited foreign buying. But oil price increases, following President Carter's tough talk on military intervention and the registering of US manpower forced gold traders to cover short positions and the price rose back through $700.

On Wednesday afternoon, bullion was
fixed in London at $700 — its highest level in nearly two weeks.

Gold opened the week around $650. Share trading in Diagonal Street was relatively sluggish, by recent standards, and the daily mining board turnover fell to R6.8m last Friday. In January the average daily volume was over R20m. But with US Middle East relations still strained, gold market operators covered in ahead of Wednesday's IMF gold auction, and foreign buying came streaming into Diagonal Street.

Last week the financial rand was up at 110c, but as French Bank reportedly cleared out its short-position, the price eased, encouraging foreign interest in gold. For example, in London on Wednesday morning Amgold opened up 2c, while GFSA and FS Geduld added 3c early in the day. By Wednesday afternoon the JSE gold index had appreciated more than 10 points to 505,3 on the day. The FR, which had been as low as US104c, closed up at US108c.

Brokers noted some institutional interest, though the volume was low in some lower priced issues, with the result that Village closed the week 10% higher and Salines and Vlaks both leapt ahead, the former 135c to 590c. These performances appear to support recent forecasts that the market is nearing the top. The euphoria phase is setting in, which means, say many brokers, the top is very close.

The current week should provide excitement. On Wednesday gold futures opened $19-$28,50 up, and if the IMF auction provides a large bid total with a price around the $700 level, gold shares should run ahead. There seems little doubt that before the top is reached sharp gains can be expected in some shares.

Outside the market there has been some dissatisfaction about a lack of information being given to shareholders in GF Props and WR Cons. The complaint is that shareholders have not been told anything about the throughput of Luppaardsvlei material by WR Cons. Rumour has it that uranium grades of up to 0.7kg/t were recovered from Luppaardsvlei ore during the December quarter.

The strength in golds spilled into platinumums as the free market price rose over $900 on Wednesday. Rustenburg added 25c to 580c on the week and Impala 30c to 640c. The relisting of Lydenburg after General Mining and the Old Mutual had tied up their deal left the share unchanged at the 365c pre-suspension price. Minorities are being offered 345c, but Old Mutual wants to retain the listing.

Other metal shares were stronger on LME metal price trends. This was again reflected in a record Reuters Commodity index of over 1,832. In copper, Palamun added 50c to 1,660c following the 50c final dividend declaration.

A tin price of over £7,300 saw the tin board up 3.5%. Zaaplaats, however, fell 35c to 340c after the recent high volume buying, apparently based on possibilities regarding the company's slimes operations. Ronober added 20c to 2.50c while sister company Union Tin appreciated 5% to 230c.

De Beers has been reasonably stable since the 1979 second-half CSO sales were announced. But as from February 18 with prices of gems over 1ct increased by up to 40% and overall prices set to advance by an average 12%. De Beers added 90c to 1,080c.

Friday's 11% domestic coal price increase was better than some had expected resulting in average gains of 3% for coal shares. Coals still appear strong despite possible short-term reactions. If, as some analysts have suggested, the national inflation rate is contained this year, this 11% administered price rise could spell improved profits for some collieries.

Tavistock announced a 16% interim earnings increase to 265c (341c) with a 125c (100c) interim dividend. This profit improvement came with a 6.2% rise in coal sales to 2Mt (1.9 Mt) and a 19.8% increase in mining profit.

Mining houses and mining financials also had a good week, mostly related to gold portfolio. Middle Wits rose 15c to,
Anglo admits: We bought Cons Gold

By Colin Campbell, Deputy Financial Editor

Anglo American today admitted that it had a 25 per cent stake in Consolidated Gold Fields.

It said that Anglo American Corporation of South Africa and Anglo interests held up a 25 per cent stake and plan no further purchases.

Anglo Gold spokesman said it understood the Anglo stake was purchased as a "strategic holding." Anglo said it would issue a full statement later.

PLEA

Anglo's statement comes less than a week after news that Cons Gold had been buying Gold Fields and has been accumulating "anomalous" holdings for some weeks. It was originally suggested that it was South African interests who had been hunting up secret parcels, and it was generally assumed that it was General Mining or another large African institution. However, General Mining categorically said that it did not comment on market rumors and then last week said that it did not own a share in Cons Gold.

Anglo. It caused it to be known that Anglo had been buying Cons Gold shares and that it had been holding up a 25 per cent stake which is due to be bought out at 155.50.

Cons Gold has raised its offer from 155.50 to 165.00 per share, and it is now clear that Anglo American will not hold on to its stake. The offer is due to close on February 28.

INQUIRY

Today's admission by Anglo was probably prompted by the share price rise in the firm which had been bought off the market at a 25 per cent discount to the previous level of $2.00.

Under the terms of the Consolidated Gold Fields offer, the shares will be exchanged for 18 golden shares in the new company. The shares will be traded on the London Stock Exchange and will be listed on the Johannesburg Stock Exchange.

The news came as a shock to many investors who had expected a deal to be completed by the end of the month. The offer is due to close on March 1.

The new company will be called "Anglo American Gold Fields" and will have its headquarters in London.

The offer will be made to holders of Consolidated Gold Fields shares who hold their shares through a 10 per cent deposit with Consolidated Gold Fields.

The offer will be made to all Consolidated Gold Fields shareholders who hold their shares through a 10 per cent deposit with Consolidated Gold Fields.

The offer will be made to all Consolidated Gold Fields shareholders who hold their shares through a 10 per cent deposit with Consolidated Gold Fields.
SECRET BUYER: CONS GOLD SEeks INQUIRY

Argus Bureau

LONDON.—Consolidated Gold Fields has asked the British Government for help in identifying the mystery buyer of more than a quarter of its shares.

The company hopes that an inquiry would either flush the buyer or buyers into the open or make them pause.

MPs have tabled questions on Gold Fields in the Commons.

Gold Fields has grown increasingly concerned in the past week about the large number of shares being bought and sold by unknown hands, amounting to 27 percent of the total, could have passed into unknown hands.

PRICE UP

Speculative buying of Gold Fields yesterday pushed the price up 29p to 529p.

The inquiry, which would be conducted by the Department of Trade, was requested by Gold Fields under Section 172 of the Companies Act 1948.

This section gives the Department's inspectors sweeping powers to determine the beneficial owner of shares and to take action against those declaring to give evidence in isolation for more than 25 years.

BLOCK DIVIDENDS

The department may also disfranchise shares whose owners remain anonymous; block dividends on those shares, and stop their transfer.
Cons Gold deal reaction Tactics by De Beers under fire

By Colin Campbell Deputy Financial Editor

For the De Beers Anglo American empire, it is a whole new wider world.

The announcement that De Beers has just bought the mystery buyer of Cons Gold gives it still more interests in Australia, Canada, Britain and South Africa— and brings into South African hands the effective control of an important mining house.

Through its 46 percent shareholding in Gold Fields of South Africa, Cons Gold controls about 25 percent of South African gold production and 15 percent of world production.

Anglo American in its own right controls 27 percent of South African production and 27 percent of world output.

The 27 percent stake which has been offered to De Beers should lead to De Beers' board expressing reservations on the high prices paid by Anglo American, which in turn, gives the Anglo empire some considerable muscle in negotiating conditions of Gold Fields' policies.

Though De Beers is not seeking to change control or management, London City comment is that the move may well lead to a change in management.

"INVESTMENT"

Anglo is not saying anything outside its formal statement yesterday, but it is understood that De Beers has taken a 7 percent holding in Gold Fields, in order to encourage a change in the board of directors, making it easier for the company to purchase a minority shareholding in Cons Gold.

The Financial Times comments: "It seems extraordinary that a company of De Beers' size would wait until Gold Fields' shares rose to the level at which its 7 percent holding cost 27 percent of the value of Gold Fields.

"For example, a change in the board of directors, making it easy for a purchase of more than 5 percent of a company or of individuals acting as a group, should not be underestimated."

The 27 percent of Gold Fields held in Golding will be turned over to the company at a meeting of shareholders.

Mr. Harry Oppenheimer, another jewel in his crown.

Futurist's mind is the most affronted to the South African mineral wealth, as a meeting of the company, on the Nelson Provence, will decide on whether to sell the recovery. The matter of the gold fields is to be registered and the matter of the housing condition.

Although this district is depressed, it is expected that the miners will not be moved from their homes.

Workers referred to the department, 2,200 workers to be moved to the First, 4,000. The First, 4,000. The First, 4,000. The First, 4,000. The First, 4,000.

The question remains: who is going to buy the gold fields?
MR HARRY Oppenheimer's Anglo American empire has secretly acquired a vital 25% interest in the London-based Consolidated Gold Fields group for an estimated R500-million.

Cons Gold controls Gold Fields' South African operations. At a price of $200 an ounce, the CGS/ Anglo annual gold production would be worth nearly R8 000-million.
London peaved at the Cons Gold raid

By STANLEY UYS
London Bureau

REACTION in the British Press to the surprise purchase of 25% of the shares of Consolidated Gold Fields varies from privacy of disapproval to grudging admiration.

Several financial commentators said privately that this was not done in London, and advised that the law be tightened up.

Most commentators saw the takeover as the result of a dispute between Anglo American and the 'Boer' controlled General Mining, and deplored the importation of "Boer War" tactics into the sedate City climate.

One or two suggested that Anglo American's "liberalism" in employment practices might lead to a change in the policies of the "ultra-conservative" Gold Fields group.

Mr Harry Oppenheimer, chairman of Anglo American and De Beers, is referred to as "the grand master of the South African political, gold, diamond and fullers earth cheatboard", as "the richest man in Africa" and as "Goldfinger".

The Financial Times said Anglo-De Beers was "believed to be trying to check the steady ascension of power by African interests in the South African mining industry."

The Daily Mirror said "City men believe that Mr Oppenheimer, a fierce opponent of apartheid, wanted to stop Boer financiers buying up a British mining company."

The Daily Mail made a similar comment.

The Financial Times commented "While De Beers-Anglo may well have been looking for safe and long-term investments and disliking the stalking of Gold Fields had other and perhaps more important motives. Such motives are to be found in the structure of the South African mining industry and the political implications of that structure."

"Anglo's position of dominant power in the industry has in recent years declined relative to that of General Mining, representing African financial interests. For General Mining to gain direct control of indirect control of South Africa after drawing Union Corporation into its web would have been a prize and "General Mining and those behind it are close to the South African Government. Any move against the government to the Right could put De Beers-Anglo - as an Anglo-Jewish concern - under pressure, while leaving General Mining untouched."

Patrick Sergeant writes in the Daily Mail: "De Beers, the greatest South African diamond and gold group, have shown that no British enterprise is safe from foreign buyers by paying a quarter of the shares of Consolidated Gold Fields, one of our largest companies."

"All can be fair in love and war and the Boer War? London Stock Exchange chairman Sir William Goodson evidently doesn't think so, as he said: 'It looks as if the intention of company law is that a company should be able to discover the beneficial owners of its capital, was being at least temporarily frustratad. Adequate disclosure is essential if there is to be a fair market in the company's shares."

The Daily Telegraph writes: "Anglo and De Beers still claim they did nothing to break United Kingdom company law, but that will cut little ice with self-regulators in the City who have seen Anglo only being finally flushed out by the threat of a Department of Trade inquiry. Anglo is a reputable enough company and to behave in the way it has done,"

The Guardian's City editor, Victor Keegan, calls his questions "the dubious morality of Mr Oppenheimer's methods" of fighting a "parasite" battle with General Mining at the expense of Gold Fields shareholders.

Keegan is one of several commentators who ask why "only a privileged few were able to give away the balance of industrial power in the Cape, it is a pity that he chose London as the battleground."

"For he should know that as a regular visitor to these shores that the spirit of the London securities market is such that partial, selective and highly secretive offers to a privileged minority are not welcome."

"Harry Oppenheimer should have come clean and made a deal to offer a surefire bid for Consolidated Gold Fields."

The Daily Telegraph says that "there was a lot of discussion that only the 'fat cats' had been invited to sell at the top price, whereas the small shareholder was left totally in the dark until the whole business had been completed."

"""
Stake in Australian mining

Anglo will call tune in Cons. Gold

Anglo Correspondent
BRISBANE — Mr. Harry Osmehle, Mr. Anglo American's Brisbane representative, says Anglo American has bought a 25 per cent holding in the London-based Consolidated Gold Fields. The holding gives Anglo direct and indirect interests in several leading Australian mining groups. These include Consolidated Gold Fields of Australia and its purely owned subsidiaries, North Broken Hill, E. Z. Industries, Australian Pulp and Paper Mills, the Broken Hill Development in the North Territory and the Anglo-Atalanta group.

SECOND LARGEST.

The Consolidated Gold Fields group is perhaps the second largest gold mining organisation in the world, producing 15 per cent of the world's gold output. The company has the largest mining concession in South Africa and the second largest in North Australia.

The group is controlled by Anglo American, which also has a controlling interest in Consolidated Gold Fields of South Africa.

Financial Editor

DOES Anglo American now control Consolidated Gold Fields? This is a question being asked after the announcement this week that Anglo American, in conjunction with De Beers, now owned 25 per cent of Consolidated Gold Fields' shares.

The answer is a definite yes, even though other shareholders may still hold 75 per cent of the company's shares.

Most shareholders, whether large institutions or small private investors, are usually extremely loath to take a direct interest in the running of their companies. Consequently, whenever there is no other major shareholder as in the case here, it is extremely difficult to mobilise sufficient opposition to block the actions of the largest shareholder.

It can be accepted, therefore, that Anglo American is now in effective control of Consolidated Gold Fields.

While Anglo is unlikely to interfere directly in the day-to-day running of the company, it can be expected to appoint some of its nominees to the board of directors.

In Australia, Anglo American now controls Consolidated Gold Fields and holds a 25 per cent interest in Consolidated Northern."
End of a chapter

"From all we see, the mystery buyer is fully revealed" thus Cons Gold MD David Lloyd-Jacob in London on Tuesday.

Presumably management is happy that the buyer has been revealed as De Beers but, whether it is happy that over 25% of the group's equity has been bought or is pledged to Anglo/De Beers, is another matter. The Anglo/De Beers group has, of course, announced that it does not intend to acquire further shares, nor that it is seeking to "change the control or the management of Consolidated Gold Fields in which it has great confidence." But things can change, and it will not be surprising if greater cooperation is seen between the groups' scattered interests in future.

No matter which way it is examined, Anglo/De Beers now effectively controls Cons Gold's 46%-owned subsidiary GFSA, meaning, among other things, that the sometimes strident debate between the two in the Chamber of Mines could lessen. Indeed, many analysts see things, the interests of both Anglo and GFSA, particularly in the developing GFSA goldfield, will prove to be very close. Joint ventures between Anglo's overseas operations and those of Cons Gold are a distinct possibility, especially in the UK where Charter needs new outlets.

Not that such moves are necessarily bad, but there are many investors who fear that the growing polarisation of mining interests in SA still has some way to go. If the General Mining/Sanlam/Rembrandt camp was interested or had acquired a stake in Cons Gold, it is probably now effectively deterred. So, presumably, its growth will have to be targeted through increased co-operation with associated companies in SA (see Fox).

Unofficially, Anglo/De Beers took up its 25% to block other predators. So, how that the group can relax over GFSA/Cons Gold, it has the time to rationalise in SA. Next in line, many observers believe, will be even closer links with JCI, if not a bid for outright control. Anglo's appointees are firmly in control of JCI's board and, over the past few months, Anglo has significantly increased its stake in JCI-managed Rustenburg. At least one thing is certain, Anglo will never again let JCI's management run into developments such as Ophosphate (and, to a lesser extent, Shangani), which ended disastrously with write-offs which effectively wiped out a whole year's earnings in 1977.

Developments at JCI will be a pointer to the likely future of Cons Gold. I find it very hard to believe that Anglo/De Beers will remain satisfied with a simple equity stake. The now-revealed 25% interest, which is to be split equally between Anglo and De Beers, is strategic in that it effectively blocks other predators. But, judging by the 615p that was paid for each of the 16,5m shares transferred on Tuesday, the fact that the other 21,4m shares already bought or on which options were held were taken in at prices between 310p and 616p, De Beers appears to have paid anything up to £300m (R580m) for an investment which, in the year to June 30, 1978, would have yielded dividends of £5m.

Even if Cons Gold doubles its payout this year, Anglo's eventual 12.5% stake is only worth 4.5c a share in dividend income, compared with likely earnings this year of well over 100c. For De Beers, it means additional earnings of 2.6c per share compared with 39c in the first half of 1978.

On this basis, it is probably safe to assume the Anglo group will be looking for other spin-offs in the fairly near future. Granted it may not be full control — at least not yet — but the possibility of mergers between Cons Gold's UK interests and Charter, and its Australian and North American interests with Mincon cannot be ruled out.

In SA, the obvious areas for increased joint activities are base metal developments in the northern Cape and some form of rationalisation between GFSA's gold interests and Angold.

The eventual developments remain to be seen but, with Cons Gold and, effective ly, GFSA under its belt, the Anglo/De Beers juggernaut has gained added momentum. And that may well prompt moves by competitors to increase as quickly as possible their own bases.
WHEN members of Britain's financial establishment wiped their
eyes one morning this week, they found that a band of South
African raiders had stolen secretly through London's Stock
Exchange to gain effective control of one of the UK's mightiest
mining houses, Consolidated Gold Fields.

And at 44 Main Street, Johannesburg, headquarters of the Anglo American
Corporation, executives manned a strict silent door to
share coup that cost them something in the re-
on of $580-million and cost them almost 25 per
cent of Congold's shares.

Some details:
- The raid was mounted through the Johannesburg stock
  listing firm Davis, Buxton, Howe and Hittman
- Anglo American strategists were staggered by "the
  merger" of Consolidated Gold Fields management who failed to
  take any effective defensive action or even to mount a
  vigorous attempt to find out who was buying their shares
- There may have been a second "mystery buyer" in the
  takeover bid, which could still own a substan-
  tial number of Congold shares, for before the Anglo/Del
  monico share broke cover, Congold had estimated that as many as 20 per cent of their
  shares had been secretly acquired.

It subsequently transpired that only 14 per cent was in the
African group's hands and they had made a high-
price offer last week to obtain another 11 per
cent
- Anglo is unworried by Stock
  Exchange investigations now going on in London
- We know we broke no
  law, said an Anglo man.

The Congold coup prompts the
- ation of an admired
  South African public and
  focused attention on Anglo
  American's multinational
  might

Quickly over the years, the tentacles of financial power
have reached through the mas-
ve sandstone portals of 44
Main Street to embrace raw
materials companies around the
world
- Sometimes they recoiled, ex-
  pensively bloomed by financial
defeat

But more often they grasped
yet another source of precious

raw materials to add to the
- torum of Anglo's treasure chest.

On this occasion the tentacles
were truly muscular and, be-
side the South African inter-
ests, it seeded a share in inte-
national assets that are com-
plementary to Anglo's existing

business.

Added to the corporation's existing multinational

businesses are major interests in

civil engineering, shipping,

transport, aluminum products, ban-
king, insurance and metallurgy in New

Zealand, copper, tin, copper, coke and iron ore in Aus-


tralia, and steel production and distri-

bution, gold mining,

ally casting and energy inter-

ests in the United States.

To trace the path of the cor-

poration around the world one

has to be able to recognize the

spur of its major associates

and subsidiaries

Internationally, Anglo usual-

ily operates in partnership with

companies with whom it has

bewhisking, variety of cross-

shareholdings, directors in

common and jointly-controlled

subsidiaries

Develop

Anglo tends to regard itself,

with justification, as a model

guest corporation for any coun-
try and one, moreover, that is

prepared to play an energetic

role in helping host govern-
ments develop their resources

and their economies.

Say Mr Gavin Reilly, deputy

chairman and chairman of the

executive committee "Multi-

nationals have a moral ob-

ligation to pass on to

organisations like Ford or IBM

that operate across boundaries

and are accused of being able to

transfer assets and labour to

the disadvantage of host coun-

tries. This is not as easy as it

sounds and I don't give much

credence to the accusations

"In any case I don't think

Anglo American is that sort of

multinational beast. In fact it is

quite a different animal. We

are not monopolistic in either the

management or the capital

sense."

"We do operate in an interna-
tionally, but we do not

make international decisions for

foreign areas from 44 Main

Street.

Ethics

"Our key is to create an

investment operation in an-
orther country that is totally

dedicated to the ethics of that

country and is substantially

overseen by nationals, both

men by the rules and regula-
tions of that country and con-
ducts its operations as part of

that particular national econo-
ym."

Anglo, internationally, is not

only Anglo. Its usual partners

are De Beers and the London-
based Charter Corporation. The

three are usually regarded as

merely the semi-autonomous

provinces of a single empire -

usually called the Anglo-

American empire, although the

intricacies of ultimate control cannot be dis-

It is accepted that Mr Harry

Oppenheimer wields the im-

partial power although that

power is modified by the call-

his directors and of other

major shareholders.

Anglo's major areas of over-
as interests are in Canada

the United States, where its

interests are controlled through

companies registered in Bes-

mada and Canada, the United

Kingdom, Europe (through

Charter), Australia which has

pledged millions in prospecting

gold with little return, South

America where it has large

interests in Brazil and is cur-

ing interested eyes on Chile

the Argentine and the Far East

where, through a complex ser-

series of holding companies, it

has the major share in an oil
ield in Indonesia

In Africa, apart from South

Africa itself, the group's major

interests are in Rhodesia, Zan-

babwe, Botswana, Lesotho and

South West Africa.
London anguish a case of sour grapes

BY HAROLD FRIDJON

THE SILENCE out of 44 Main Street has been terrifying — like walking into the Dragon's Street trading hall on a Sunday morning, full of yesterday’s ghosts and tomorrow’s dreams.

Perhaps Anglo and De Beers are trying to lay yesterday’s ghosts before they discuss tomorrow’s. They certainly arouse enough British demons after the Cons Gold coup was announced. It must be many years since Oppenheimer companies have earned such a vicious London reception and the silence from the group reflect a certain self-consciousness.

Not that they have done anything which should make them self-conscious. Surely one of the unwritten rules of the free enterprise game is to try to outwit the system? If this weren’t so, why should great companies and corporations spend fortunes every year on maintaining battalions of accountants, lawyers and tax advisors?

These people are not on corporate payrolls to be decorative. They are there to devise ways and means of beating the system, of finding the loopholes through legislation, and the Urn to hold the rules. If the capitalist system is to survive it needs frequent shots of innovation, of change, and of daring.

It would be a dull, mechanical reflection of left-wing bureaucracy if everything went by rule and rote. A certain amount of buccaneering is necessary, a certain amount of freebooting, a certain amount of the do-and-dare-which, I have always been led to believe, contributed to the spirit of enterprise which forged the British Empire. And which apparently is now being stifled.

Probably 44 Main Street will continue to be tomb-quiet until the inquiry into the tactics of the coup has been examined by civil servants who live by rule books. Whose whole training and upbringing is not to be original but to produce clones, grey repetitions of everything that has gone before. And these will be the people who will sit in judgment on what Anglo and De Beers have done, advised by the best merchant banking brains in London.

For I have no doubt that Mr Harry Oppenheimer and his colleagues consulted widely and deeply before they started the Cons Gold campaign. It was no sudden rush of blood to the head. It was a carefully planned operation in which the best advice was sought and taken. And then executed over time.

London’s over-reaction to the coup — and make no mistake it was a coup — was the realization that another British company had fallen into “foreign” hands.

The British Press is full of praise when its businessmen go running into the Common Market and the United States and sweep up foreign-owned companies and groups. This is fair play. But when someone does something similar to them, like partisan football crowds, they cry “foul!” And then rage among the much.

The Brit-Boer War was reviv ed De Beers was deemed as an Anglo-Jewish organisation. All the epithets that could be used were brought out of phrase books. And the latest development is the suggestion that the De Beers diamond organisation should be examined for its monopolistic practices.

It would be tedious no doubt to recall what happened in the bad old days when the diamond market was a free-for-all. Men lost their jobs — in the mines, in the world’s diamond polishing and cutting industries — and thousands of people lost millions as the value of their jewellery slumped. It is convenient to forget these past evils in the evangelism of today.

I don’t believe that Anglo-De Beers went into Gold Fields to block and the United States and sweep up foreign-owned companies. They have occupied all its present developments to start any new foreign adventures.

Rupert/Sanlam? That was a possibility, but just as De Beers first tentative steps towards acquisition were spotted early in the game, Anglo would have been alerted that some move was afoot and would have taken countervailing action.

I believe that 44 Main Street has gone into Cons Gold with deliberate aforethought. Anglo American has a years-long reputation of not being instigators but buyers. It has grown big, strong and wealthy by acquiring what other people have started. And it is in the process of acquiring, directly or indirectly, what Cons Gold has. And in this South African interests are only part of the game.

It would certainly suit the Anglo book if there were closer cooperation between its two arms, particularly when it comes to the extension of old mines by backing on new areas of the world. There is nothing like interest, as in the case of Debskraal and Eldorado.

As valuable as the South African end of Cons Gold might be, the other interests in Australia, and the United States, for instance, have even greater worth — not directly to Anglo and De Beers but to Minocro the offshore investment company in which the Oppenheimer family are very interested, and which is the cornerstone holding company of many of Anglo’s foreign ventures.

This is probably the clue which is hidden, and which will remain as hidden, deep-planned strategies until they are ultimately revealed. But back to the Cons Gold coup. Today’s Londons should have a peep into history. It was only technically a British company. It appears to be forgotten that it was a Cecil Rhodes venture, floated for concessions in Britain to find his gold interests. So if anything Cons Gold looks as if it is coming...
Anglo coup earns grudging admiration

The result seems likely to be a tightening of company law to prevent a repeat performance of the Anglo deal.

A Government probe continues, and now the stock exchange is to mount its own investigation.

But the deal had all the earmarks of the old-style, swashbuckling gold rush days — and left many brokers chuckling in admiration.

RUMOUR

'I have to admit it was cunningly orchestrated,' said one.

The envy stems from the fact that the jobbers and brokers in on the deal have profited enormously.

The brokers, Rowe and Priman, are believed to have collected up to R126,000 and the jobbers, along the line, between half a penny and two pence a share.

The first inkling that something was on the go came as far back as last October. The initial rumour was that General Mining was moving in — obviously with its eye on the ultimate prize, Gold Fields South Africa, the holding company of South Africa's most profitable gold mines.

Despite the denial this week by Dr Viljoen de Villiers, many London brokers still believe General Mining — or other Afrikaner interests, notably the Sanlam group or Dr Anton Rupert — were in on the initial stages and could even now hold about three percent of Gold Fields.

Anglo is believed, moved in around late November or early December.

The trick was to simply not register the stock.

As a foreign group Anglo was legally able to buy up to 80 percent before declaring itself, while British interests would not have been able to go beyond five percent.

Mr Harry Oppenheimer's jobber offered the most competitive price on the market, ensuring himself first bite of any Gold Fields shares.

But he was cunning: said one broker 'He did not stay at one price, nor did he stay in the market every day. He would drop out for a while then come back again at a different price, adding to the confusion.'

The gold price, meanwhile, was creeping upwards. A case could be made for the purchase of Gold Fields shares on that score.

The shares by this stage were unusually active. Gold Fields had long feared the emergence of a major stockholder but they found themselves defenceless to prevent it.

Joint managing director, Mr David Lloyd-Jacobs, headed a Gold Fields inquiry to uncover the mystery buyer, with little success.

With the share price over 800, Gold Fields undertook the most drastic step they could, by calling for an official Department of Trade investigation.

The sequence of events last Tuesday left the market in a whirl. At 9.15 am Mr Oppenheimer telephoned Gold Fields and disclosed that he was the mystery buyer.

Two minutes later he said his brokers into the market and in the largest ever share-buying operation acquired 165 million shares at 615.8 p.
Why mine when you can buy?
De Beers/Cons Gold affair is far from over

By RICHARD LAMBERT

At 6.30 on last Tuesday morning, a partner in leading City stockbrokers Rowe and Pitman received an early morning phone call from South Africa.

His instructions were to mount an all-out 130m/share raid on Consolidated Gold Fields that morning. By 8.30am the operation was under way, and by 9am it was all over.

De Beers had bought 11 percent of Gold Fields in 90 minutes, which together with the shares which it and "other parties" had been secretly acquiring over the previous four months added up to a 28 percent interest in the company.

De Beers then announced that it had that morning secured options on the other shares it was holding, and that half its enlarged holding was to be passed on to a fellow member of Mr Harry Oppenheimer's South African mining empire, Anglo American Corporation.

But although the transaction has been completed, the story is by no means over. The Secretary of State for Trade has appointed inspectors to investigate the ownership of Gold Fields.

The Office of Fair Trading is deciding whether to look into the affair and the Stock Exchange is mounting its own investigation of share dealings in Gold Fields.

These alarming stories will be clanging for quite some time to come.

It was early last October that Gold Fields first became aware of "odd movements in its share register." The company kept a record of its outstanding certificates but was applying for new certificates after selling off part of its holding.

At the end of September, the figure was 201,400. A month later it was 1,210, and by the end of December it was 5,310. Since these figures did not tally with the number of actual share registrations, Gold Fields became convinced that unknown buyers were accumulating large numbers of its shares, and not registering their ownership.

Outstanding certificates in January climbed above 9,000, and late in that month Gold Fields applied unsuccessfully to the Stock Exchange for help in finding out what was happening.

A week ago, with the number rising inexorably towards 12,000, Gold Fields made a public statement of its concern, and on Monday it was driven to the desperate step of requesting the appointment of government inspectors.

This is presumably what forced De Beers' hand. One of the big questions is how this operation was mounted without breaking UK company law, which requires that anyone who buys five percent or more of a company should show his hand. Apart from emphasizing that it took great pains to observe the law, De Beers refuses to elaborate on Tuesday's brief statement.

A separate cause for concern is the way that the vast majority of Gold Fields' shareholders were excluded from the buying bonanza on Tuesday morning. Having closed at 635p on Monday, the buying price for a brief and hectic period on Tuesday morning was 655p.

Immediately after the order was completed, the shares fell back sharply, and they were pushing down towards 590p later in the week.

De Beers bought its shares on a first come first served basis, which inevitably meant that the institutions got the lion's share and Rowe and Pitman told the four jobbers in the stock what was happening at 9am, but it was too late to do anything about it. They said that many leading brokers heard what was going on.

For an hour and a half, the City's telephones rang with reports of what was happening. De Beers had spent over 1,100m on its investment in Gold Fields, which is a lot more than Rasal is forking out for the whole of Decca.

If the stock market is to be anything more than a place where a handful of big institutions swap shares among themselves, then in cases like this a partial offer available to all shareholders must surely be appropriate. To condemn De Beers' action is to condemn the whole practice of underwriting, and to suggest that those who are not in the position to have been offered shares should be allowed to buy them is to bring the whole structure of the market into question.

It was said earlier that one of the major weaknesses of the market mechanism is that the consumer is the one who is likely to suffer. In the case of De Beers and its agents, it seems extraordinary.

Such behaviour may be familiar on the wider fringes of the secondary banking sector, but for the case of De Beers and its agents, it seems extraordinary.

A separate cause for concern is the way that the vast majority of Gold Fields' shareholders were excluded from the buying bonanza on Tuesday morning. Having closed at 635p on Monday, the buying price for a brief and hectic period on Tuesday morning was 655p.

Immediately after the order was completed, the shares fell back sharply, and they were pushing down towards 590p later in the week.

De Beers bought its shares on a first come first served basis, which inevitably meant that the institutions got the lion's share and Rowe and Pitman told the four jobbers in the stock what was happening at 9am, but it was too late to do anything about it. They said that many leading brokers heard what was going on.

For an hour and a half, the City's telephones rang with reports of what was happening. De Beers had spent over 1,100m on its investment in Gold Fields, which is a lot more than Rasal is forking out for the whole of Decca.

If the stock market is to be anything more than a place where a handful of big institutions swap shares among themselves, then in cases like this a partial offer available to all shareholders must surely be appropriate. To condemn De Beers' action is to condemn the whole practice of underwriting, and to suggest that those who are not in the position to have been offered shares should be allowed to buy them is to bring the whole structure of the market into question.
JOHANNESBURG — Fedvol gets 75% of Masterfeg

Fedvol (South Africa) Ltd has been changed to Fedtech Holdings Ltd through which FEV will develop a manufacturing and distribution network.

The holder of the Masterfeg product franchise in South Africa, FEV now holds 75% and Masterfeg’s 25% of the shares.

Other operating subsidiaries of Fedtech are Fremtech Manufacturing Ltd of Fremont, California; Masterfeg Citrus Investments Inc. Ltd of Pomona, California; and Masterfeg Manufacturing Ltd of Bakersfield, California.

The companies said strong connections between Fedtech and Masterfeg in California and the strong growth in the US market for manufactured products will continue with the US operations expanding over time.

Fedtech will continue to market agricultural equipment manufactured by the West German company, Hanomag.

FEV said that the new agreement shows the company’s long-term commitment to South Africa and the local content policy set to the 1980s.

FEV said it is clear that the new agreement will result in large investments in assembly plants in South Africa and the establishment of a strong manufacturing base.

FEV said that the new agreement shows the company’s long-term commitment to South Africa and the local content policy set to the 1980s.

FEV said it is clear that the new agreement will result in large investments in assembly plants in South Africa and the establishment of a strong manufacturing base.
the rules after De Beers raid

Takeover Panel wurde expects exactly what it means that lenders would be required to provide a "super" offer to investors in the company, which is a higher price than the existing offer. This means that the company would be forced to accept the new offer, even if it is not as good as the original offer. The panel has also been told that it is not prepared to consider any new offers unless they are made on terms that are acceptable to both sides. However, the panel would have to determine whether a new offer is acceptable or not. It is not clear what criteria the panel will use to make this decision. It is also not clear how long the panel will take to make its decision. In the meantime, the company is likely to continue to negotiate with its existing investors.
Row over De Beers 'raid' on Consgold

The Star Bureau

LONDON — Britain's Trade Minister, Mr. Cecil Parkinson, told the Commons yesterday that the government was disturbed by the way in which the small shareholder had been denied an opportunity to share in the $125 million Consolidated Gold Fields-De Beers share "raid."

He said no government action would be taken until three separate investigations were complete.

The Opposition Labour spokesman on trade moved the introduction of new clauses into the Companies Bill designed to prevent the "possible and further" acquisition of control in large British companies by foreign interests.

The spokesman, Mr. Clinton Farrow, said the system and the spirit of the law had been flouted by Anglo American which seemed to have its own "shady interpretation" of the rules.

A favoured few had shared in price-sensitive information on part-sale of a cent and certain news had been told the House.

But the opposition action was directed after Mr. Parkinson warned against the introduction of "half-hearted" measures against a background of comparative ignorance of the law.

Mr. Parkinson admitted that the De Beers raid highlighted a number of questions.

De Beers raised the bid price to 675 pences from 525 pence overnight, bought 16.5 million shares and then withdrew leaving the Consgold price at 503 pence.

Mr. Parkinson said he passionately felt that the spread of shareholders should be encouraged, but it was vital that small shareholders had confidence in the market.
Geen is.

Hoe moet de haakje van in beeld zijn van 50 percent in Heule SA te koop. Dit volgt uit de beide tweetallen, waarin de beelden van 30 percent in Heule SA te koop. Dit volgt uit de beide tweetallen, waarin de beelden van 30 percent in Heule SA te koop.

REMBRANDT, het is goed voor de wereld. Verder.
Minorco income rises 56%  

By DON ROBERTSON  
Mining Editor  
MINERALS & Resources Corporation (Minorco), which is destined to become the major overseas mining investment arm of the Anglo American group, had a healthy rise in profits for the six months to last December.

Total income rose by 56% to $14 441 000 from $9 273 000 in the first half of the previous year, although expenses rose by more than double this percentage to $4 250 000 from $1 990 000, reflecting a first-time payment of interest on the $50-million loan raised last year.

The results include only three weeks of earnings from the enlarged portfolio following the restructuring of the Anglo Charter, Minorco group, which became effective from December 3.

At the attributable level, however, the results are not comparable because of a change in accounting policy, which now makes use of the equity accounting system.

This change resulted in the inclusion of $35 594 000 in the account for the six months, being the group's share of retained earnings in associate companies. Most of this figure reflects earnings retained in Engelhard Minerals. Most of the improvement in dividend income also comes from this source.

Before the inclusion of these retained earnings, profits were $9 537 000 compared with $6 857 000. When included, attributable profits for the six months were $35 131 000 compared with $26 937 000.

Adding to income was a $2 024 000 contribution from interest. The full $50-million loan was called, but not utilised and earned this interest during the period.

Interest on the loan amounted to $3 128 000, the difference between the two figures reflecting the increase in interest rates since the loan was negotiated.

An unchanged interim dividend of 4c was declared in November.

Zambezi Copper Investments (ZCI) in which Minorco has a 49.98% interest, also reports substantially improved results for the half-year, with attributable profits up to $1 735 000 from $638 000.

Dividend income rose to $579 000 from $4 000, reflecting the improved position in Nchanga Consolidated, and Roan Consolidated, in which the company has a 30.9% and 9.8% interest respectively.
Anglo coup increases UK minerals isolation

THE British Government has the power to freeze the 2% interest rate in gold bullion, to stop the financial isolation of the UK in minerals. This move is a reflection of the growing importance of minerals in the UK economy.

The Office of Fair Trading is deciding whether to order an investigation. If it does, it might be necessary to consider whether the accumulation of South African minerals in the UK economy is a threat to the UK's safety and stability. The problem is highly relevant to the debate over whether the UK should have a more active minerals procurement policy.

There are many major mining houses in London. One of these, the Anglo American Corporation, has been established under British control. Charter Consolidated Gold Fields, which remains predominantly under British control, Charter Consolidated, has been established under Anglo American as a window on the world. And Charter has a 25% stake in Selection Trust. It appears that the mining houses are competing with mining houses, which are controlled by large mining companies.

The point is that the UK Government responded to civil service and industry arguments and made a deliberate effort to diversify Britain's sources of mineral supplies away from traditional areas. Among the South African industries that have been very important — then there could be a block on the actions of three of the mining houses.

At the moment the mining houses do not play a significant direct role in the UK economy. The competition between their mines and UK consumers is few. But their expertise is a national asset if there were to be a Government-backed minerals policy, it would inevitably draw that expertise into a much closer relationship with the UK economy.

A stage could conceivably be reached where the mining houses are essentially owned by the UK Government. But that may not be the best way to go about it. The South African situation and the widely expected shortages of the late 1960s, the Industry Secretary, might ponder the value of similar arrangements. He could find that intervention in minerals procurement is as necessary an intervention in energy policy, in which case it might be better if he could deal with UK companies, not Anglo South African groups.
AECI

Explosive growth

Activities Chemical and explosives products which own 66% of Coaldyne 49% of Trump and 100% of SA Nitro

Spinning Anglo American Corporation and ECI each own 40% of the equity

Chairman H F Oppenheimer deputy chairman W J O Malan managing director D N Malan

Capital structure 148.7m ordinary of 

R1,800,000 5.5% own pref of R2

Market capitalisation R1 0.266m

Financial Year to December 31, 1979

Borrowings long and medium term, R155.7m. Net cash R2.3m. Debt equity ratio 40%. Current ratio 5:1. Group net cash flow R92.1m

Capital commitments R95.8m

Share market Price 69c (1979-80), high, 71c low, 31c trading volume last quarter, 311.4m shares yields 7.4% on earnings. 4.5% on dividend

Core 1.7 PE ratio 13.4

76 77 78 79

Return on cap 11.8 12.7 17.4 19.2

Turnover (Rm) 432 530 704 896

Pre-tax profits (Rm) 346.4 644.6 933 1224

Gross margin %14.6 11.1 16.6 16.4

Earnings (c) 29.8 24.7 17.6 51.4

Dividends (c) 12.4 16.6 21.6 21.6

Net asset value (c) 219 233 257 219

AECI is continuing on an explosive growth tack. This is reflected in doubling of the share price in the last twelve months. The chemical sector is closely tied to growth in general consumer demand so it is not surprising that AECI's fortunes benefited from sharply improved sales throughout the economy.

AECI's own sales were boosted by increased demand for consumer oriented products such as low density polythene and synthetic fibres. In fact trade has been so buoyant that plants producing these products are fully utilised and the group now finds it will have to increase capacity by establishing a 140,000 t polythene plant at a cost of R15m and spend R30m on additional spinning capacity at SANS to meet anticipated demand. Output of polyethylene was supplemented by imports to meet local demand.

The funding of the capex will be provided by cash flows and borrowings. However, chairman Harry Oppenheimer does not expect increased borrowings to have any significant effect on the group's gearing ratio suggesting that borrowings will be kept to a minimum. Certainly, 1980s R90m capex could quite easily be financed from cash balances, earnings and cash flow.

Cash flow alone should be well over R10m this year and the group had liquid assets totaling R30m at the year-end. This, together with the 4% debt equity ratio reflects the balance sheet strength and the ability of the group to meet increased working capital requirements accompanying increased turnover. Last year's sales increased by 22%, resulting in a working capital increase of R45.5m. Stocks increased to R77.4m (R101.3m) and debtors to R170.1m (R141.2m), while creditors rose only R2.3m to R110.1m.

Another strength is the increased efficiency of capital employed. In the last four years the group has increased returns on capital from 11.8% to 19.2%. Also, the gross margin has been maintained at a creditable 14.4% (15.5%). The group is still striving to improve on this with the increasing profitability of Coaldyne this is likely to be achieved.

Though Coaldyne is probably not yet profitable it performed well with design capacities being reached. The efficiency of this plant and increased PVC sales resulting from local markets being developed and export sales doubling to 42,000t - despite the loss of Iran as a market - helped the polythene and derived products division become the biggest contributor to the R122.1m (R101.8m) group trading profit. This division achieved a R49.4m (R66.1m) trading profit from R37.0m (R227.0m) sales. Besides benefiting from increased polythene and fibre sales, the division has also a tremendous boost from Durapenta, a supplier of pipe and PVC pipes to the mining building civil engineering and agricultural sectors. Durapenta was the strongest growth subsidiary in the group.

The explosives division increased its contribution to trading profit to R37.1m (R21.1m) and agricultural and inorganic chemicals to R24.8m (R27.0m) and helped particularly high demand for fertilisers and related products to the flotation and organics division increased its sales to R165.1m (R199.8m). But the margins were low and the division achieved a trading profit of only R2.9m (R19.4m). With the upturn in building activity, this division is emerging from a long period of low activity.

Last year's profits did not benefit from Trump's dividend of which R7.8m accrues to AECI and are distributed to shareholders. This dividend had been included in 1978 results. Taxed profit would have increased 45.4% to R94.1m. As it was, the figure increased 33.1% to R35.8m (R26.2m). In the year, cash dividends were included in this figure, but the group does not consider these to be distributable so deducts them from the R76.5m (R77.1m) attributable profit.

With 30% of AECI's products already derived from coal and the group seriously looking into ethylene production from agricultural residues and into substantially...
Examination results in Faculty Arts

14340 Bachelor of Arts/High Dip. Librarian

Year 4

Stud No: Surname: First Name: Course: Description

Jennifer Anne: 11170A: Chemist: Principles G

Total number of students: 1

* Cannot graduate H Dip Lib as she has failed B.A.
Medium term potential

Activities: Mining holding company in the Lonrho group with coal and asbestos mining interests. SA Managed holds 39.5% of the equity, Tweefontein 28.6% and Witbank Consolidated 15.1%.

Chairman: S C Newman, managing director R A Lee

Capital structure: 11.2m ordinaries of 35c Market capitalisation R65m

Financial: Year to September 30 1979
Net cash R7.6m Current ratio 1.7
Capital commitments R16.5m
Share market: Price 890c (1978-89 high, 630c, low, 510c, trading volume last quarter, 171,000 shares) Yields 10.9% on earnings, 6.2% on dividend
Cover 1.8 PE ratio 9.1

At least for the next couple of years, management is likely to be cautious on dividends. But though that may make the share less attractive than alternative investments, it need not preclude purchases by investors prepared to take a positive view on the company’s mineral rights.

Chairman Syd Newman makes no bones about this year’s dismal prospects for asbestos. The two operating mines, Emarentia and Wandrarg, are selling at minimal contractual levels, with material being sent for blending and sale by Gecfo Newman sees little prospect of the situation improving in the near term, nor does he foresee any major improvement in selling prices.

Thus, while normal development of the mines continues, asbestos is unlikely to make a greater contribution to pre-tax profit than last year’s R1.7m.

The same is true for the anthracite operations. Technical problems resulted in production of poorer quality and lower-priced materials. And there is apparently little prospect of any near-term improvement in prices. On the other hand, the previously contentious Mhlangapudzi deposit could prove to have better prospects than the company was prepared to predict only a year ago.

Then, available geological information led Newman to say that coal contained in the Dundas seam was so badly weathered that its mining was not a proposition. However, further exploration of the Alfred seam has disclosed reasonably attractive tonnages of anthracite and exploration expenditure is to be stepped up.

As with other producers for the local market, Duker’s bituminous coal operations have been constrained by weak demand and unaccepting controlled prices. However, establishment of Tweefontein’s Boschems section is, to all intents and purposes, complete. This year, capex for coal operations is planned at R7.1m compared with last year’s R6.8m. At this stage, there seems little possibility of any further near-term heavy capex commitments for bituminous coal projects.

Management is not particularly optimistic on near-term coal revenue and contents itself with the cautious opinion that, depending on domestic controlled prices and export sales, revenue should at least match last year’s level. Thus, as far as the company’s existing operations are concerned, the immediate future is unlikely to be particularly spectacular. However, there could be other pay-offs for shareholders by the mid-Eighties.

On its own account, Duker is drilling gold/uranium mineral rights near Kearsdorp. Though no precise details are given, the ore being evaluated probably lies in the lower Witwatersrand series which is becoming increasingly attractive as a bullion advance.

Meanwhile, Duker retains a 40% interest in the Erfeide-Dankbaarheid block in the OFS which is being evaluated by Anglo and its associates. One view is that the area will be developed through Western Holdings to take advantage of tax allowances in that company’s accounts. If an independent mining operation is established, it is difficult to foresee Duker taking up a proportional commitment to the area’s capital needs. More than likely is that a free ride will be taken in the equity of a new mine, or that Duker will seek some form of royalty agreement.

That probably makes sense if it means an eventual strong cash flow which can be used for development of the company’s more traditional mining operations. Thus, it is difficult to predict any material improvement in last year’s 36c dividend payout R8.5m equivalent to some 76c per share — is earmarked for capex this year, while a further R2m capex could be in prospect if the decision is taken to establish operations at Mhlangapudzi.

But for investors who are prepared to wait completion of the company’s development projects, some solid dividend growth could be in prospect within the next three to four years. In the meantime, there remains the speculative appeal of the gold holdings.
MESSINA

Sharp recovery

Activities: Mining and industrial group Copper interests include Messina mine in SA and MTD (Mangula) (55%) and Mertis (65%) in Rhodesia.Datsun-Nissan is wholly-owned. Holds 77% of equipment distributor Premier Metal.

Chairman: Commander H F P Grenfell, deputy chairman and joint managing director W J Wilson, joint managing director D A Thompson.

Capital structure: 11m stock units of 50c Market capitalisation R37.4m.

Financial: Year to September 30 1979 Borrowings long- and medium-term R35.7m, net short-term R4.8m Debt equity ratio 39.4%. Current ratio 1.2. Net cash flow R11.2m. Capital commitments R20.5m.

Share market: Price 340c (1979-80 high, 360c, low, 127c, trading volume last quarter, 1.6m shares) Yields 12% on earnings, 2.9% on dividend. Cover 5.8 PE ratio 5.9.

76 77 78 79
Copper sales (000 t) 44.3 42.0 34.8 33.5
Turnover (Rm) 300.5 283.5 285.7 n/a
Pre-tax profit (Rm) 28.4 9.6 48.16.0
Earnings (c) 127.4 75.9 19.5 57.8
Dividends (c) 45.3 30.0 10.0
Net asset value (c) 886 858 885 968

Mainly as a result of higher copper prices, mining last year took over as Messina's major profit spinner, contributing 48% to net income compared to 43% from Datsun and 9% from the rest. Even though copper sales were less at 33,500 t, group pre-tax income rose by 23.6% to R16m (R4.3m).

And, after adjustments, earnings worked out at 57.8c, allowing for the resumption of a dividend, albeit only a 5.8 times covered 10c.

Chairman Commander Grenfell warns that dividends are likely to remain low until the group's interest burden has been reduced. Currently, it is paying out R12.6m in interest, which was 44% of last year's operating profit. However, some progress was made, with total borrowings reduced from R57.3m to R48.6m, at which level they represent only 39% of equity. The real problem then lies with getting a better return on capital employed — and that means higher copper prices.

Despite significant cost increases at both the Messina and Rhodesian mines, net income from mining increased from R8m to R16.7m. The main factor has been the higher average LME copper price of 8078/t, compared with 8859/t in the previous year. The effective rand price was R1 513/t (R1 104), reflecting the high sterling parity which prevailed for most of the year.

The mining division benefited from higher prices, particularly in the second and third quarters. The Messina mine made a record profit of R1.04m after deducting R248,000 for prospecting (1978 loss R411,000) as the stockpile was run down at satisfactory prices. Since then, the stockpile has been rebuilt — but not, unfortunately, ore reserves. Despite spending R1.1m on exploration, nothing concrete has yet been found and the mine received R2.2m in State aid during the year, bringing the total to R2.8m.

In the overall picture, however, Messina is still in beer in comparison to Mangula,

which chipped in R12.1m of the group's R15.7m income from copper. With Lomagundi, the contribution was R14.3m. So events in Rhodesia are crucial to cash flow.

Production at Mangula was hampered by a pressure burst in the Mriam shaft during February and limited haugette facilities were only reinstated in April. For the future, an electrolytic refinery is to be sited adjacent to the Alaska smelter at a cost of R5.3m and will have a capacity of 20,000 t of cathode copper a year.

As part of a drive for improved liquidity, Messina (Electronics) was sold to AppleTech, Steelmetal sold Dubugue Plastics; the major assets of Datsun (Finance) were sold to Barclays Western Bank. Premier Metal Cargo Vans was disposed of, and Mertis sold its holding in Mangula to Old Mutual. This lot realised R7m in cash and was applied to bringing down borrowings and helped net current assets to increase from R7m to R83m.

Datsun . . . more dazzle in results

Financial Mail January 11 1980

121
On the industrial front, only Premier Metal failed to make a profit. But losses were significantly reduced as a result of the previous year's reorganisation and recapitalisation. In a similar vein to Premier, Steinhoff has now phased out container manufacture and required a R20m injection to shore capital to keep it on an adequate working basis.

Wholly-owned Datsun-Nissan did particularly well considering the speed restrictions, fuel price increases and lack of consumer confidence in going after big-ticket items. Pre-tax income was R14.6m (R7.5m) on an increase in volume of 4.11%

units. After providing for deferred tax of R1.4m, however, taxed profit slipped to R14.2m (R17m). Market penetration improved from 13% to 11% as a consequence of an improved share of the commercial vehicle market of 24.9% (19.9%).

Judging by the decline in copper stocks on the LME from 400,000 t at the end of September 1978 to 355,000 t, world consumption continues to outpace production. Meanwhile, short-term prospects are being hampered by high interest rates worldwide and the threat of recession in the US early this year. So there could be a renewed period of price weakness, even though strength would have been expected given the pending labour contract negotiations in the US this year.

The long-term prospects for copper continue to look good to Cresent. He states that severe shortages are around the comer unless prices rise sufficiently to justify the cost of starting up new mines with lower grades.

Copper's performance has restored investor interest in the share which has risen from a low of R3.70 to R6.40 in the past year. But while much of this stems from the resumption of dividends, at least a little of the price appreciation is to be found in recent rumours that a bid for the group is imminent. Mr. view is that nothing will be heard until after the AGM on January 24 when among others, the group's new share incentive scheme will be put to the vote. However, before voting for the scheme shareholders might be advised to insist on disclosure of the group's turnover. It is simply unacceptable that management should continue to provide turnover figures on the grounds that the diverse nature of operations renders disclosure meaningless. If it is meaningless, why not treat shareholders as adults and provide them with a meaningful divisional turnover breakdown?
CORONATION Syndicate

Rhodesian discount

Activates Mining finance company in the London group with Rhodesian subsidiary operating four gold mines and one copper mine. Tweelsspruit holds 63.2% of the equity.

Chairman S.C. Newman
Capital structure 6m ordinary of 2½
Market capitalisation R3.8bn

Financial Year to September 30, 1979
Net cash R7.4m Current ratio 2:1
Net cash flow R3.3bn Capital com- mitted R215m

Share market Price 610c (1979-80)
high, 656c, low, 156c, trading volume last quarter, 94,000 shares Yields 18.8% on earnings, 8.8% on dividend
Cover 2.2 PE ratio 5.2

Turnover (Rm) 143 145 152 214
Mining profit (Rm) 3 2 5 4 9.5
Dividend income (R000) 102 88 250
Pre-tax profit (R000) 25 15 45 8.7
Earnings (c) 42 24.1 74.4 41.6
Dividends (c) 5 95 8.94
Net asset value (c) 96 95 138 137

Rhodesian settlement prospects and booming gold and steady copper prices have lifted Corvon's share price from 100c to 610c in the past year. And for investors who are confident that Rhodesia will evolve peacefully, the share still seems good value. Chairman S.C. Newman is not prepared to forecast metal prices but he forecasts a higher dividend this year using a conservative $30 gold price and steady $1.90 copper price.

The group's operating mines in Rhodesia turned in a record profit in the year to end September. The largest gold mine, Arcturus, achieved an operating income of R6.26m (R1.5m) on almost unch. throughput of 186,000 oz (181,000 oz) yielding 755.5 kg (611 kg) gold. Mashona Kop produced 34 kg (34 kg) gold on unch. throughput, which resulted in income of R16.5m (R12.8m). Mazoe turned an operating income of R1.9m (R1.5m) from 501 kg (527 kg) gold and Newell R1.5m (R2.4m) from output of 617 kg (700 kg) gold.

The lower profit from Mashona Kop arose as the mine was nearing the end of its underground life. Before the year-end, the mine's assets were transferred to Arcturus and both mines will now be accounted for together. At end-September, the estimated reserves of the four gold mines were 228,000 oz (110,000 oz) at an average grade of 10.6 g/t (11.1 g/t). Mashona Kop's reserves fell to 2,000 t (7,000 t) at 10.5 g/t (11.3 g/t).

The higher increased copper output of 2,300 t (2,150 t) and a higher metal price produced revenue of R1.5m (R1.0m).

Corvon was largely successful in holding costs last year. Newman says overall operating costs rose to R16.5m (R19.2m) but the outlook for the current year is less bright. Particularly in a changed political framework Labour costs are likely to escalate and Newman notes a critical shortage of skilled labour. He feels wage rates could rise by as much as 20% this year which could cost Corvon R750,000.

The outlook for the three gold mines appears favourable. Capek, this year, is estimated at R3.7m (R4.1m) with the bulk being spent at Arcturus where the mill capacity is being increased to handle more dump and ore under Stock material and to prospect a new area at both Mool and Mazoe. Expansion to reveal new underground reserves is continuing.

Corvon's dividends from Wiltons and Dunker amounted to R2.4m (R1.8m) last year and at least the same revenue should accrue in 1980.

Newman calculates that gold at $300 and copper at 75c with a 75c or silver price should result in turnover of about R2.5bn (R2.0bn) and operating income of R1.7bn (R1.5bn). He says the share price would allow 2.0c (3c) dividend to be comfortably exceeded notwithstanding higher unit costs.

At 610c the share yields a high historic 8.4%. The prospective yield is even higher in the unlikely event of a Rhodesian settlement. A purchase might be best be left until after the February elections.

The group's activities are not affected by the strike. The company will continue to pay dividend, though at this stage the share prices a hold.

Corvon contributed R4.1m (R2.7m) or 71c (65.5c) of parent Tweelsspruit's taxed profit. This year Dunker's payment probably will not exceed last year's R4.0m, indicating Corvon will produce an even larger share of Tweelsspruit's taxed profit. This means that the group will continue to pay dividend and increase the dividend, which discounts the Rhodesian connection.
RAND LONDON

Raising more cash

For the third time in less than 18 months, Rand London is raising additional funds to finance its acquisition and expansion programme. This time, shareholders are being asked to chip in R10m by way of a rights offer of prefs and ordinarlies in the subsidiary, Rand London Investments, which will become a listed company in its own right as Rand London Coal (RL Coal).

In September 1978, Rand London approached shareholders for R1.9m by way of a 33-for-100 ordinary rights issue, and in July last year, the group placed R5m in 10.25% redeemable prefs. The prefs are due to be redeemed in four equal tranches between December 1980 and mid-1982.

The current issue involves the selling of all the group’s coal interests to wholly-owned subsidiary RL Coal. These are valued at R14.3m in the announcement and include the R4.5m Kempshute coking coal mine, Aloe Minerals and Brockwell Anthracite Colliery. Rand London itself will thus be left with Colorado Granite, Hochmetals, its 60%-owned manganese mine, and Pegum as its major income-earning assets, as well as its diluted stake in RL Coal.

Essentially, Rand London will offer shareholders 22% of the ords and 38% of the prefs of RL Coal for R10m. Since the transfer of the coal interests to RL Coal, assets and projects have been revalued by independent consultants at about R40m, meaning minorities will be financing about 25% of total asset value, with probably a similar total equity stake in the new company.

Rand London MD Bernard Holtshousen says this method was adopted because it offers shareholders a direct interest in a coal-only investment, and it seems reasonable that the issue price will be pitched at a dividend yield in excess of the 3% currently prevailing on the coal sector — perhaps about 7% to encourage shareholders to follow their rights.

Rand London, itself, will acquire R5m cash from the deal as the coal division repays indebtedness. This, says Holtshousen, will be used to acquire assets and expand existing operations, although no immediate plans are on the cards. However, consideration is being given to doubling the output of Colorado Granite at a cost of about R250,000.

Rand London has a short but good dividend record and earnings this year are expected to be higher than the forecast 33c (27.8c). The sale of part of the coal company will obviously affect the earnings potential of Rand London, but by retaining 78%, the effect should not be too great and new acquisitions will probably fill in. However, shareholders will have to be satisfied no further development finance liquidity problems are encountered in the near future, although Holtshousen considers this unlikely.

Des Kilbourn
Chet expands its Transkei interests

EAST LONDON — Butterworth-based Chet Industries, which manufactures Lion matches under licence and other small wooden products, is flexing its muscles.

Established in 1971, Chet was one of the original two industries in Butterworth (the other was the grain bag factory) and as such was one of the pioneering companies in the Town. A notable expansion which saw Transkei’s major industrial growth point burst into a boom town almost overnight.

Now it has taken over the Stuttkor timber factory in Springfield which was closed down after going into liquidation, has taken over Interlock Timber (Pty), a company manufacturing laminated beams and re-established the factory in Butterworth, and has acquired the equity and assumed the management of the Umtata Timber Development Company.

Chet’s expansion programme was outlined by the group’s managing director, Mr. Cecil Kessler, when he addressed a rural development symposium in Umtata on Tuesday.

The old Stuttkor is now operated by a company formed to restore production at the original Stuttkor factory.

The new installation has been completed and the factory now has the capacity to produce 1 000 000 square metres of blockboard and 400 000 square metres of plywood annually.

Chet Board has also signed a supply contract with a major European importer of timber materials. The contract is valued at R6 million a year or R30 million over the initial period of the contract.

In the factory will be expanded to produce 10 000 square metres of blockboard a month, leaving little for further industrial expansion.

Other areas of industrial expansion researched by the Chet Group for future development include an adhesive factory which will ultimately draw its raw materials from cattail or other plants produced in Transkei from indigenous plants, wood frame housing, development and expansion of the furniture industry, manufacturing further small wood section products as kitchen ware, wooden spoons, paint and brush handles, and wooden shoes by Chet Industries, and the installation of waste-compacting equipment to supply local needs for solid fuel — an important consideration as the coal now used in Transkei is imported from Natal at high cost.

Mr. Kessler said he believed the most important development was that of wood frame housing.

He added that foundations for the development of this project have been laid. Once a lot of red tape was removed, an agreement to e-mail the contract in conjunction with one of the largest manufacturers in Europe of this type of construction would be concluded at any time.

‘‘Houses produced by this system will undoubtedly provide much better living conditions than existing houses constructed from concrete blocks,’’ Mr. Kessler said.

He added it would generate considerable additional industrial activity in such service industries as a chip board factory which would obtain its raw material from forest waste and thinnings, the manufacture of doors and windows, and ultimately other fittings when quantity justified it.

In the short time it has been present, Chet Industries has chalked up some impressive statistics.

It now produces more than 1 000 000 lollipop sticks daily and is the sole supplier to South African sweet manufacturers.

It produces 15 million wooden clothes pegs a month of which 40 per cent will be exported to Europe and Canada this year.

And it produces some two million toothpicks daily.

Lollipop sticks, clothes pegs and toothpicks were all previously imported and Chet are well advanced with new development plans to manufacture such items here, with another item previously imported.

Plea to plant poplars

EAST LONDON — The managing director of Chet Industries, Mr. Cecil Kessler, has appealed to the Transkei Department of Forestry to plant poplar deodares to provide Chet’s Butterworth match factory, one of its major raw materials.

Chet, established in Butterworth in 1913, originally manufactured Chet matches, but now manufactures the market leader, Lion matches, under an agreement with Lion Match.

The company has also diversified, its product range and now also manufactures lollipops, clothes pegs and toothpicks and will shortly start manufacturing ice-cream sticks.

Speaking at a rural development symposium in Umtata, Mr. Kessler said the poplar trees represent the greatest prospect for industrial development in the immediate future.

‘‘An area of 255 000 ha, 6.7 per cent of the total surface area of Transkei, is suitable for afforestation,’’ he said. Of that area some 80 000 ha had been under a pine forest plantation of mostly pine, eucalyptus and wattie.

Mr. Kessler also called for a massive or state intervention in utilizing Transkei’s forest resources, adding: ‘‘I am concerned by the fact there are a considerable number of saw mills in Transkei, each privately owned and employing its own decision about disposing its products.

‘‘If the timber derivative industry is to develop and prosper, its raw material source must be secured and it is clear that intervention in the saw-milling business by the Transkei Government will be necessary to ensure this.’’
Expensive rights?

Ahead of suspension in December, Rand London's share price shot ahead to 21.25. And since relisting and the announcement of the proposed rights issue, the share has advanced to 23.50. But, on the assumption that for exchange shareholders does the share price fairly reflect the company's worth? And would shareholders have been better served by a straightforward rights issue rather than the one now proposed with partial disbursement of their company — or even no rights issue at all?

I can see little logic in allowing shareholders 22½ of the ordinary shares in subsidiary Rand London Coal under the scheme, for its earnings prospects from the group's coal operations are too unattractive to permit raising further cash. As it is, I do not feel the proposed rights issue is among the most attractive to have hit the market in the past few years.

Based on Rand London Coal's earnings estimates having paid out all of the coal interests means a 4c earnings drop for the Rand London ordinary shares this year and something possibly exceeding 18c in the year to end-June 1981. So, every 100 shares currently held in theory a shareholder will be 1.00c worse off as far as earnings are concerned. Adding together next year's expected earnings per share of Rand London Coal's ordinary shares and its participating preferenda a shareholder who accepts the rights offer will gain 1.94c earnings. It means a net attributable earnings improvement of some 28c for present holders of 100 Rand London shares.

Of course, that does not include any benefits from investment of the R10m to be raised by the rights issue. To all intents and purposes, shareholders are being offered 22½ of the group's coal interests for R10m, which means the coal interests are effectively worth R10m. So, if half the funds raised are kept in the coal operations, it is probably reasonable to assume an eventual five-forth (15.5%) earnings increase from coal interests and a similar proportion for the parent group. That points to additional earnings of over 10c per share currently held of around 17c.

So, if the rights are taken up, a holder of 100 Rand London shares could see an effective earnings improvement of about 65c. Which is all very well, but taking up the package of 23½ Coal Co Ltd ordinary and 46 half preferenda offered for every 100 Rand London ordinary shares presently held will cost R880.50. And that means having an investment with an effective prospective earnings yield of 7.6% in 1981 unless some
Soaring, but vulnerable

Activities: London registered mining company operating gold mines in Rhodesia. Holds 48% of Olympus Consolidated Mines. Rhorcorp holds 33.1% of the equity.
Chairman: F L Wigley
Capital structure: 2m ordinariey of Rhs50 Market capitalisation R28m
Financial: Year to September 30 1979
Net cash: Rhs83,1m Capital commitments: Rhs47 000
Share market: Price 1 400c (1979-80 high, 1 400c, low, 440c; trading volume last quarter, 10 000 shares) Yields 9.8% on earnings, 8.8% on dividend Cover 11 PE ratio 10.2

Tons milled (000) 235 238 242 244
Capex (Rhs000) 467 298 865 885
Working profit (Rhs000) 1 138 1 598 2 449 4 075
Earnings (Rhs) 381 512 690 113
Dividends (Rhs) 30 50 60 100

* Before non-recurring tax. Exchange rate Rhs8, 1/244

In the past year, Falcon's share price has been more than tripled as the gold price soared and some prospects of a settlement became apparent in Rhodesia. The result for Falcon shareholders of the higher gold price was a 61.3% rise in earnings to 111.3c (69c), with a 56.7% dividend advance to 100c (60c). And thus was an average gold price for the year of $250 ($185)

While average recovery grade was cut to 6.75 g/t (7.0 g/t), mill throughput rose only marginally. And thus was insufficient to stem unit costs which rose 23%.

Higher working profit

The higher gold price meant the average revenue per ton milled rose to Rs$135.50 (Rhs28.00) — a 35.1% improvement — while working expenditure per ton milled was up only 21.8% at Rs$111.60 (Rhs17.90). Working profit per ton milled amounted to Rs$21.70 (Rhs10.10) — up 65.4%.

Also contributing to Falcon’s record profit last year was its 40% stake in Olympus Mines, which generated a pretax profit of Rs$297 000 (Rhs), and paid a Rs$290 000 dividend. Last year, the pre-viously accumulated loss of Olympus was recovered, and no tax was payable by this company.

The past year saw an increase in development and prospecting activities with this reserve increased to Rs$250 000. Chairman Frederick Wigley says development results were satisfactory with Ven-

Overall capital expenditure totalled Rhs885 000, compared with Rhs865 000 previously.

One reserve of the group at end-September calculated at $310 an ounce on a 22% increase in working costs were 1.6 Mt (1.2 Mt) at an average grade of 10.2 g/t (11.2 g/t) with width 174 cm (175 cm). Included in this is 411 000 t (144 000 t) for Venice Mine, which follows the opening of several additional sections with high percentage payability.

At Dalny Mine, waste-sorting plant is to be erected and a concentrator plant, incorporating separate treatment of troublesome oxidized slime, is to be commissioned at Venice in the next 18 months.

Lower grades

This year, monthly mill throughput is planned at 20 500 t, but will be accompanied by a reduced recovery grade of 9.51 g/t in line with the lower ore reserve value Wigley says gold remains around present levels, profit will increase substantially. But he cautions on the difficulty of containing working costs and the possibility of reducing grade further. Heavy capex will hit distributable profit this year. The Venice shaft and Dalny sorting equipment will absorb Rs$81 7m but, on the plus side, Olympus is exceeding forecast returns.

With the gold price presently around $700 with “at least $200 downside,” according to some brokers, gold share prices are vulnerable, particularly Falcon, which has a built-in political factor. Although, at 1 400c, the share yields an attractive 8.8% for non-residents’ tax the yield falls to a fully taxed 6.8%.

Des Ashley

DATES TO REMEMBER

Last day to register dividends
Friday February 12 East Daggafontein 10c, SA Land 20c, Southvaal 14c, Vaal Reefs 30c, Western Deep 25c, Zaanplaats 20c

Meetings
Monday January 28 Barlow Rand (Sandton)
Wednesday January 30 Rustenburg Sunco
Thursday January 31 CI Industries (Pinetown) Scotts (Os & Durban)
Friday February 1 African Oxygen Falcon Mines (Rhodesia)

All meetings are in Johannesburg unless otherwise stated.

0 & $ — Ordinary and special meeting

ASSEG DIVIDEND

Last week Asseng’s dividend for 1979 was incorrectly given as 26c instead of 30c. It means a growth of 15.4% last year after four years of static payments.

Financial Mail January 25 1980

317
Old Mutual in R10,7m Lyd Plat deal

By DON ROBERTSON

JOHANNESBURG. — After two weeks of what must have been some hard bargaining, General Mining and its associate, Sentrust, have announced details of the sale of their stake in Lydenburg Platinum to the Old Mutual for R10 714 665, equivalent to 34½c a share.

The purchase price will be satisfied by the exchange of a mixed portfolio of securities from Old Mutual. The transaction will increase Old Mutual's interest in Lydenburg to 42% from the previously held 21%.

The effective change of control will result in a reconstitution of the board, although the operations of Lydenburg will remain unaltered.

In addition, Lydenburg has agreed to sell General Mining all its mineral and mining rights, participation rights and property holdings, although it will retain the right to negotiate a participation in any future development of these mining rights.

These rights are reported to have a minor value and their sale will not have a material effect on the earnings or prospects of Lydenburg. The consideration for this sale will be determined by an independent adviser.

Old Mutual will extend a cash offer of 45c a share to minority shareholders of Lydenburg.

The deal certainly appears most favourable for Old Mutual's 3.3% holding in Rustenburg Platinum — its major investment — as worth 43c at yesterday's closing price of 60c.

Its interest in Sentrust and President Steyn, at current prices, adds to the value that the deal takes up to about 47c a share.

For Old Mutual, the deal makes sense in that it is picking up a good investment at a considerable discount and should benefit from the dividend income from a currently optimistic Rustenburg.

What Old Mutual will pay for the mineral rights, however, could reduce the discount.

The major participation is on the farm Vermeuleinsstraat-Noord, south of President Steyn. However, results from exploratory drilling on the farm have not revealed any significant values and prospecting has ceased.

For General Mining, however, the deal seems rather odd, with the price well below the value of the underlying assets.

A General Mining spokesman, points out that the group is already heavily committed in the platinum industry through its indirect holding in Impala through Union Corporation, which it is in the process of acquiring as a wholly owned subsidiary.

It is considered that the portfolio it will receive from Old Mutual will fit in better with its current investment strategy.
Tongaat makes strong bid for Hebox

By TONY HUDSON
Finance Editor

TONGAAT is to make a formal bid for the entire issued share capital of Hebox Textiles.

In an announcement late last Friday, Union Acceptances said Hebox shareholders would be offered either 40 Tongaat ordinary shares for every 100 Hebox shares held or R275 for every 100 Hebox shares.

The offer of Tongaat shares is accepted, it means that Tongaat is paying 250 cents for Hebox shares. As Tongaat is standing at 600 cents at Friday's close, it would mean that the price would have to move to about 700 cents before the equivalent of the cash offer of 275 cents could be realised.

Tongaat has come up from a low last year of 240 cents and it seems it is in the current overall market that Tongaat might appear to have little steam left in it.

Therefore, those interested in growth would be wise to accept the cash offer and place their funds elsewhere.

However, in the long term, there is no doubt that Tongaat has a very sound future and those more interested in dividends and stability would do well to accept the shares.

According to the Union Acceptances statement, holders of 60 percent of the share offer have agreed to support the proposal.

At nearly 10 times Hebox's earnings, the price Tongaat is paying seems a bit over the odds. However, it must be considered alongside its financial strength and its ability to improve the quality of earnings at Hebox and put the company back on the growth trail.

Hebox has been undergoing some hard times and for the year to June 30, 1979, the company's after-tax profit was down by nearly 10 percent to R1.31 million and the chairman's interest did not indicate any further growth.

With Hebox standing at 700 cents at close yesterday and with little growth in sight, the offer is an excellent opportunity for looking for shareholders to get out.
10.2 Economics of the Drug Industry

Brodie (Vol.2) shows that a large part of the ethical South Africa is controlled by overseas firms. He high price of pharmaceutical products is related to practices of the industry. He concludes that, an 'excess' profits, drug prices are unnecessarily high.

Several possible solutions to this problem:
1. Nationalisation.
2. Direct controls on the private market.
3. Dissemination of information by the Medical
4. Centralised marketing of drugs.

REFERENCES

6. I.e. by treating more people the costs per head are not reduced.
7. In the language of economics these may be rents arising from the scarcity of doctors, not a repayment of the costs of their production (training), so that the supply of doctors may not be decreased by a worldwide reduction of their incomes coupled with removal of some of the restrictions on entry to medical training.
8. This is described in economic theory (e.g. Arrow's 'Impossibility theorem') as difficulty in deriving a social welfare function.
No bus shares sold in Ciskei

EAST LONDON — No Ciskeians had been sold shares in the Ciskei Transport Corporation (CTC), the general manager of the Ciskei National Development Corporation, Mr F. Meisenboll, said.

“I do not think there should be a Ciskeian who is interested in buying shares in a company that is not profitable,” he added.

He said the company was subsidised by the government to keep it going otherwise it would not survive on the tariff structure on which it operates.

“The tariff structure is about 1.0 to 1.2 cents per passenger kilometre against 1.7 to 2 cents in other parts of the country.

“The result is that CTC is not a profitable organisation and any Ciskeian who invests in the company cannot expect to receive dividends.”

Mr Meisenboll said this had been the position for a number of years and he put the reason for the low tariff structure at the number of fare increases only two since 1974, with the last having been cancelled by a Supreme Court decision.

“From the CNDC side we like to offer shares to Ciskeians in companies in which we know they will, in the future, be able to receive dividends from so that they can participate in the profits of these companies,” he said.

The fact of the matter is that CTC is owned jointly by the CNDC, the economic wing of the Ciskei, and the Corporation for Economic Development.

“As all ventures launched by these corporations in the Ciskei are aimed at the development of the Ciskei and the advancement of its people, there can be no doubt that the CTC’s objectives are identical.”

He said CTC provided transport services to 100 000 Ciskeians daily and employed 1 000 Ciskeians.

It was also significant that CTC’s directors were Ciskeians.

“Just as the S.A.R & H and S.A. Airways are the national transport operations of the Republic, so CTC strives to be the national transport network of the Ciskei,” Mr Kaiser said.

Because of this he said it was felt the slogan was appropriate.

The question of Ciskeians buying shares in the company was one of the strongest arguments raised by Ciskeian politicians when they ended a bus boycott after which the buses were bought by the two corporations from City Trumways.

Speaking at the Sisa Dukashe Stadium in Makhanda early in February, 1975, Mr L. F. Siyoi, who was then minister in the Ciskei, and Mr B. E. N. Myataza, assured Ciskeians they would be able to buy shares when the buses were taken over by the then Xhosas Development Corporation — hence many people understood the slogan to mean that the buses belonged to Ciskeians.

Centenary test bat stolen

MELBOURNE — A souvenir bat from the 1977 centenary cricket test between England and Australia has been stolen from the members’ long room at the Melbourne Cricket Ground, the secretary, Mr Ian Johnson, said yesterday.

The bat, signed by the 22 players, was taken during the public during practice sessions.
The dust has settled after SA Breweries' victory in the "battle of the beer market," and though both competitors are wearing smiles, it is not going to be all smooth sailing for SAB.

Before the final shot was fired, SAB had intended to put up its beer prices by 6 percent, but it has now agreed to peg them at the rest of 1990. This might be quite tough in the face of galloping inflation (now at about 14 percent). But it had the price increases come into operation, and had SAB continued to offer price cut lines, what in the past accounted for 1 percent of sales, it would still have been the lesser to the extent of about 10 percent.

For starters, SAB faces a bill of over R1 for every 100,000 cases of the 259 ICB staff who could not be accommodated in the new setup. Then it must work towards turning the loss-making ICB operation into at least a break-even position.

**BRANDS**

The streamlining includes taking a look at a beer that is not terribly popular, therefore less visible brands with a view to discontinuation We should bear quite some thought as to whether some are to be axed.

The likely ones are Sefam, Cast, Calemberg, Sportsman, Berk and Hendelberg.

These brands represent less than 1 percent of the R1000m market. It is hard to assess exactly how much beer was lost last year on advertising these brands, but it could be near the beer mark.

SAB is reputed to have spent at least R75m on beer, advertising during the price war, while ICB spent about R19m in its efforts to increase its 8.3 percent market share.

So far SAB had kept mum on its advertising budget for this year, but it can be expected that the type of advertising will increase, with the "lovely refreshing beer"-type ads designed to increase beer sales rather than create brand-sweating.

Advertising of wine and related spirits to some extent no longer applies and should now have a substantial sum. Last year the advertising expenditure of Wellington Estates was esti-
mated to have been a hefty R6m. This now becomes the headache of KVV and Rembrandt.

While the new setup can only be good for the shareholders, individual drinkers received the news with dismay. When the battle was in full fury, SAB and ICB had price offers running nearly all the time.

Though these offers were often confined to the slower-selling brands, and beer drinkers were prepared to switch for a week or two in order to get their puncheons even further at a slightly lower price.

It is highly unlikely that the story seems to be true, apart from a few exceptions when a certain brand is being tested on the public, and any special offers will appear on bottle store shelves.

**MORAL**

These discounts were limited to the smaller bottles and cans, which is the most expensive way to buy beer anyway. But for the sake of convenience (like non-refillable bottles and carry packs) the public is prepared to accept about 10 percent less volume of beer for the same price.

Fancy packs and labels add considerably to costs, which has been proven by the better bargains obtainable on super volume wines which come in boxes.

The moral of this bit of the story is that, provided you drink more than one beer an evening, it would pay you to buy in pint or quart bottles — and provided you do not muddle the empties piled up in the back yard before they are returned to the bottle store for the deposit.

**DISTRIBUTION**

The streamlining and cost-cutting also depends to a large extent on getting out the duplication which resulted from the takeover.

Still no decision has been taken on the fate of the multi-million rand factory complex in Pretoria near Durban. The plant has been transferred to other areas and this R6m plant has now become a white elephant.

In other areas where the factory has been duplicated, five over-lapping depots will be mothballed and sold at a later stage.

The two Danver depots are in the process of being amalgamated, and the Knigendorp depot has been moved to Cham-
er ICB's factory near Verulam. The pot plant was moved to SAB's Witbank depot nearly before the ink was dry on the agreement.

Boswyt has taken over the deliveries formerly made from Waterfall in Pretoria.

**NEW BREWERY**

This week the group managing director, Mr Dick Gos (with the help of the President of Belgium, Chief L. M. K. Maurer, chief brewer for the construction of a 100m brewery in Ca-Raisen).

The brewery will be completed in about 18 months' time and will turn out the equivalent of 1,500,000 bottles of beer a week, which will enter for 60 percent of Bophuthatswana's needs.

I think it fair to assume that the SAB intends to rely on a good volume increase as well as an improvement in streamlining to help it over the recent years while this might be good for the brewers, what about those punters?

Perhaps it will provide more work for those clinics which specialise in streamlining figures.

Jean Moon looks at SAB's problems after the beer war.

The market leaders in beer are Castle, Black and Why, and which account for more than 80 percent of sales.

**BREAKDOWN**

At the time of the takeover, the ICB range, which includes Kronen-
berg 1300 and RD Gold, only accounted for 5 percent of the market share. The small market is made up of the less popular SA brands.

A rough breakdown of sales shows 30 percent, 25 percent and 20 percent for the rest, through clubs, hostels and restaurants.

Patholithic beer drinkers may care but little about the cost of the calorific-filled beverage, but this is not the case for everyone, real-ly quite small Exce has taken up 45 percent of the cost, while the market's 10 percent for materials account for 10 percent. Other costs such as employee's pay and depreciation swallow a further 20 percent. Packaging and other miscellaneous account for a further 20 percent, leaving a mere 6 percent for the brewer.

**NEW BREWERY**

The world's biggest craft brewery, the 250,000 cases a year, is the Beluga, which has been completed in a new brewery in Ca-Raisen.

The brewery will be completed in about 18 months' time and will turn out the equivalent of 1,500,000 bottles of beer a week, which will enter for 60 percent of Bophuthatswana's needs.

I think it fair to assume that the SAB intends to rely on a good volume increase as well as an improvement in streamlining to help it over the recent years while this might be good for the brewers, what about those punters?

Perhaps it will provide more work for those clinics which specialise in streamlining figures.

Jean Moon looks at SAB's problems after the beer war.
the cost of raising the necessary funds has to be taken into account. The funds themselves are already justified by comparison with the alternative methods of provision, but there are additional costs involved in raising them: interest on loans, or administrative and incentive costs of raising taxation. These are normally insignificant for any given project, but may affect the overall amounts available for the health budget.

Where the methods of providing a given service use the same kinds of resources in different proportions, the decision-making can be simplified by means of Linear Programming, though health service choices cannot usually be presented in the simplified way required by this method.

2. CHOICE OF PROGRAMMES

So far, we have discussed methods of choosing means to obtain a given objective. But what tools are available to aid the choice of objectives themselves? Can anything be said on the question of the priority to be given to particular diseases or age groups, whether to allocate more to child welfare clinics or care of the aged?

Overall criteria are needed, and they have to be expressed in such a way that they can guide these detailed questions. Essentially, the problem is not only to relate resources used to objectives achieved, but to relate the various objectives to each other.

There are various means of doing this; but all of them require that expenditure be accounted for by the ends it is expected to achieve.

2.1 Programme Budgeting

Programme budgeting, also known as budgeting by objectives, involves the presentation of expenditure data according to the objectives to which it is directed. Thus, projects to combat TB would be grouped together, geriatric problems, sanitation programmes, etc.

This is necessary:
(a) to know the cost of pursuing each objective;
(b) to group together activities with the same objectives which can be compared by cost-effectiveness analysis;
(c) to know the effectiveness of a given amount of money when spent on different objectives, so that choices can be formulated in terms of the alternatives we might afford — so many geriatric day care centres, so many child welfare clinics, etc.

Financial statistics are not traditionally arranged on this basis but in categories such as 'salaries', 'transport', 'medicines', etc. A separation, e.g. between expenditure on different disease groups or age groups cannot be made.

The drawing of expenditure into programmes is an art. Pole, an econ-
Dull record

Sam Steele

Turnovers have tumbled and finance
increases over the past five years
in manufacturing and export
sales have been offset by a
reduction of copper prices
Chairman, J. A. Van Rie, says
the company has been
reduced to a loss
in the short term
Capital structure shows an increase on
the market capitalisation of R5.4m
at August 31 1978
Financial year to August 31 1978

Financial Mail February 15 1979

In real terms shareholders in Sam Steele
have been losing ground for the past five
years. Last year was no exception and
this, given the general economic revival
and higher black spendin, was disappoint-
ing. Turnover advanced a marginal 2% to
R29.9m, although slightly higher margins
enabled earnings to be lifted by 8% to
6.3c (5.8c).

But, while gross profit rose by 10%,
short-term debt increased by 20% to
R6.1m. Consequently, interest paid was
R65 000 higher at R63 000. This repre-
sents 34% of gross profit while total debt
stands at 69.2% of equity.

Out of the higher earnings shareholders
got the first dividend increase in five
years, with the total going from 4.5c to a
7c payment covered 4.5. No Sam Steele could not
have been more generous. The real prob-
lem is that the furniture trade needs still
more buyers - and higher margins.

In this context it is interesting to note
that the services of MD Motty Goldberg
directors Norman Steele and D J E
Malin are now deemed vital enough to
warrant a R300 000 restraint of trade
agreement. Miechins that it would hardly
be worth their while to set up shop else-
where and produce similar results.

Unless, of course, great things are ex-
pected this year. However, chairman Ed
ward Roy says little besides that turnover
has risen satisfactorily in the first four
months and that profitability is improving.

In assessing where the group's pros-
tects lie, it is basically Steel & Bar-
ett, it is interesting to note that 79%
(78%) of group income after tax stems
from retailing, and only 14% from manufac-
turing. Perhaps a more aggressive atti-
dude to store management and develop-
ment could have led to a happier earning
record. Nevertheless, furniture has bee-
tipped by several analysts as the sector to
watch. With a historic yield of 7.5% the
share is one of the cheaper entries around
and is readily marketable.
Rumours rise over Anglo and Huletts

By Jean Moon

Anyone who still does not know that De Beers and the mystery buyer of Cape Gold, through the unscrupulous General Mining, continue to tumble around the market, or has not heard of the new mining entity Eton at Western Reef, or that Slaap can still come off pretty well with the possibility of a new name, must have had his hands in a hole rack for a while. And in the family business there has been no talk, but perhaps its time finished yet.

Takeover talk abounds in the mining circles, like Huletts to Anglo and family, and maybe Tandie-Hydas - Finance House, which is thought to be an indicator that Huletts price has risen over 20 percent in the past six months, with nearly 20 percent of that gain coming in the past couple of weeks.

But Huletts is a 17 percent owned by K.G., a private company, more than a predator must persuade CG again to sell with it, and from a better panning control with a similar talk of a similar firm among CG. Huletts CG price might well now be willing to pass with its stock.

But a broker who is cheap on the market is a mare dancer, in that there is no sure fire at the price is too high. The broker figures that the current trend will take a long time to come, and the chances of it being bid up by the market.

The market, however, is not going to be kinder to Huletts in the near future, according to most brokerages.

The rest of the industrial market has gone back on work, spared on the general growth plan that has not occasioned the high points of the week, have been reduced to a level where they are not worth it.

The markets have not been as a matter of fact, in a level where they are not worth it.

A daily newspaper has a lot to say but the recent news on the CG is that the macadam of the CG is now in the hands of a party that is not likely to sell.

The price of CG is now at 50 on the CG.

In the meantime, the CG is likely to remain a 50-cent question, with the CG market not likely to improve in the near future.

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes

Facts & Notes
Board will probe trade monopolies

Pretoria Bureau

The Competition Board is currently investigating restrictive or monopolistic trading practices in five major industries — and there are other investigations in the pipeline.

The board, which has taken over the Board of Trade and industries responsibilities under the old Regulation of Monopolistic Conditions Act, had its first meeting in Pretoria last week.

Its primary function is to break down and eliminate unfair competition barriers.

The five investigations now under way involve the fertiliser industry, the poultry industry, the liquor industry, the sugar and hardware industries, and price discrimination involved in the big chain stores squeezing discounts for suppliers.

A major aim of the board was to give relief to the 1500 small farmers adversely affected by conflicts which had their roots in an imperfect marketing system.

The investigation into the fertiliser industry started nearly three years ago by the Board of Trade.

In a detailed report on the industry the board found that two major companies — Tromif and Fedema — controlled about 90% of the market and turned a profit.

The board felt that entry to the industry was restricted for manufacturers and distributors by Tromif’s alliance with AB & T which placed it in a favourable position in getting supplies of nitrogenous raw materials, and the considerable shareholding which the major agricultural co-operatives had in Tromif.

This placed Tromif in a privileged position.

The inquiry into the liquor industry was launched about two years ago before last year’s takeover by SA Breweries of Intercontinental Breweries.

Spin off from the takeover was the sale by SAB of its interests in Stellenbosch Farmers’ Winery to a new company, Cape Wine and Distillers.

Rembrandt, which sold Intercontinental to SAB for R25-million, also sold its wine and spirits interests in Oudemes- ter to the new company.

SAB and Rembrandt each have a 30% stake in Cape Wine and Distillers.

The chairman of the SA Independent Egg Producers Association, Mr Ian Bartlett, said poultry farmers felt their interests were being prejudiced by the virtual monopoly in feed production of the three large producers, Tiger Oats, Premier Milling and Tengaat.

As an outlet for their feed, he claimed, they had to buy up or take over existing poultry farms thus had to an over-production of eggs which in turn prevented prices from rising to a level more in line with production costs than existing prices.

These points, Mr Bartlett said, were made clear in a memo to the Board of Trade.

Another point made was that the three big producers had formed the National Egg Producers Co-operative (Nepco) to control the egg market.

In the sanitary ware and hardware investigation, the background is allegations of supply discrimination and “exclusive dealing” in which some traders may not have free and unqualified access to supplies.

This could unbalance the competitive situation in the retail trade.

The price discrimination investigation arises from complaints by suppliers that they are being squeezed for unreasonable large discounts on bulk orders.

However, the big supermarkets claim this is in the interests of consumers as the cheaper they buy, the cheaper they pass.
VERKRYING VAN DIE CLIFFORD HARRIS CON-
SOLIDATED VENTURES MAATSKAPPEGROEP

"C.H.-groep"

Standard Asebebank Beperk is geneem om aan te kondig dat M.C en mnr. Clifford Harris en ander partye aan 'n ooreenkoms geraak het in verband met die verkryging deur M.C van al die uitgeruste aandeekapitalaans van die C.H.-groep.

Die uitverkoop is onderwerp aan die goedkeuring van aandeelhouders van M.C in algemene vergadering.

Die C.H.-groep


Die bestuur van die C.H.-groep is van die administratiewe leiers aanvaar en kan van 30 Junie 1980 verder ebart.

Die eiekniele datum

Die ooreenkoms met die C.H.-groep skakel tot die oorspronklike datum 1 Julie 1979.

Koopengrootskaping

Die koopengrootskaping is teen 1 Augustus 1979 ingestel.

Uitwerk op M.C.

Die verkryging van M.C. en ander partye is in die loop van 1979 by 'n goedkoopstellige koopprys aangestel.

Die C.H.-groep se balanse van 30 Junie 1979 toon 'n sterk groeiende posisie.

Die algemene vergadering van aandeelhouders

' n Onsombrie en konvensie van 'n vergadering van aandeelhouders van M.C om hierdie verkryging te bekrachtig, is in volle opvolg van die nodige bestuur deur die Kunniebeurssaak, Mitchell Cotts Beperk, gevolg. Die vergadering is in die algemene vergadering van aandeelhouders van M.C.
General Mining acquires a bigger slice of Siemens SA

By HAROLD FRIDJION

THERE has been a switch in the local shareholdings of Siemens Ltd, the South African subsidiary of Germany’s Siemens AG, the electrical and telecommunications giant.

SA Mutual has sold its 6% holding to General Mining which has bought a further 6% from the Industrial Development Corporation.

The position now is that through a Swiss subsidiary, Siemens AG holds 53% of the total capital and the IDC, the Federale Group, and General Mining each hold 16%.

No mention has been made of what General Mining paid either Mutual or the IDC for the shares which it acquired but it is understood that the transaction was satisfied by an exchange of securities.

One can only conjecture whether the Old Mutual purchase of Lydenburg Platinum figured as part of the deal.

In a statement issued last night, the reason given for the restructuring of the capital was “to optimise the potentials of Siemens and General Mining to their mutual benefit, both nationally and internationally”.

This presumably means that General Mining has got itself more than just a blue-chip investment.

The reference to “international potential” suggests that General must have done a deal with Siemens AG for the export of some of its mineral production and bearing in mind Europe’s intense fuel problem, my guess is that coal must be somewhere in the equation.

The statement goes on to add that both General Mining and Siemens “expect additional business, the intensified use of existing manufacturing facilities and an increase in local content and employment”.

Dr W J de Villiers, chairman of General Mining, will join the board of Siemens LTD, his alternate will be Mr. George Clark who heads the General’s industrial division.
Anglo’s firm foothold in Hulets’ boardroom

By Jon Beverley

DURBAN—Anglo American Corporation has gained a firm foothold in the Hulets Corporation boardroom, with the appointment last week of Mr. Chris Griffiths who is an executive director of Anglo and holds similar positions in Anglo-American Industrial Corporation and British Railways. Griffiths was hired to strengthen the company’s presence in South Africa.

Two new directors have been appointed by C.S. Smith and Company to Hulets. They are Mr. Warren Clewlow, executive director in London of Barlows, and Mr. A.J. Kehoe, chairman of National Finders Limited, the group. Griffiths, who has a new board position, was last week’s guest of honor at a meeting of the company’s management shareholders with Barlows holding an effective 34 percent stake.

On Anglo’s board, Griffiths is expected to play a key role in the company’s future strategy, particularly in the context of the rising importance of African markets. His appointment reflects the company’s commitment to strengthening its presence in the region.

Union omamangeni ayi 10 000 (amawaka alishini) objizaqwa ngabanye uMzimba bathi abo bagxothiweyo bebasenzeni unyuuka bzenze utethathethwano ngemxingi ezibilele. Mzimba kwazwo, iFektri leyo iililile olutethathethwano into yokuba 'omatshini ekusetwana ngabo bathethe indawo ileke ukuba kuphugishwa abasebenzi.


Bance Traders Association: thuthi uneka kuxelela onke amalungu imvelo yalefektri de buvume ututhathethwano.

Council of Sports SACOS ucele onke amalungu awo nazo elwano kunye nabo ukuba zikhase abagxothiweyo de babunekile layimvelo yalefektri.

Fennekile eyabo intlanisino babonakalisa iyunye nobasebenzi. Fennekile eyabo intlanisino babonakalisa iyunye nobasebenzi. Fennekile eyabo intlanisino babonakalisa iyunye nobasebenzi.

Mr. M. E. Smith, managing director of Anglo, has a 17.3 percent holding in Hulets, and a 33 percent holding in Hulets. M. E. Smith, through his holding in Anglo, has a holding in excess of 65 percent in Hulets, according to Anglo’s annual report.

The new board appointments were made on February 12 because the sudden race to 900 percent of Hulets’ share and the record setting share price of over 500,000 last week. Yesterday’s share price was down to 370.50 cents and only a few thousand additional hands were bought in the share. The date was set for March 23.

The Anglo chairman, M. E. Smith, talked about Anglo’s expansion plans and its intentions to be well served with the frame of work.

UFattis & Monis uphikile ukuthi akukho ngxababa nakungenevani kulefektri. Kowena kowena ungumphathi wefeni le utshizi ukuthathakile xa kusilithi imvelo yabo mayinga-thengwa ngabamnyama njengoko inkxaso enkelu elena kwabo babonakalisa, Abaphathi bale Feni bagashe abasebenzi abangamanganye ukuba basebenze endaweni yabo bagxothiweyo ukuze kubeko imvelo, kodwa imvelo yehilele.

Ngakhe: UFattis & Monis? UFattis & Monis yilefektri enazimvelo zilandelayo: Record - self raising flour, Cake flour; Bread flour, Sifted flour, Unsifted flour, Wheat Treat flour; Philadelphia flour; Koekap Milled packed mealie meal; Fattis & Monis ice cream, cones, cake cups and wafers; Fattis & Monis macaroni, spaghetti, shells, ribbons, rings, dilatines; Princess, Pick ‘n Pay, Pot ‘ol’ Gold, Checkers and Roma - macaroni, spaghetti, shells, ribbons, rings, dilatines; Urench Town Bakery in Observatory; Ultra Bakery in Somerset West; Good Hope Bakery in Elsies River.
and the use of the population and resources to serve the common good of all, as well as the need to preserve and protect the environment for future generations. The role of governments and international organizations in addressing these challenges is crucial, as they must work together to ensure that policies and actions are sustainable and equitable. This involves recognizing the interdependence of different regions and the importance of cooperation and collaboration across borders. Ultimately, the challenge is to strike a balance between economic growth and environmental protection, while ensuring that all members of society have access to the benefits of a healthy and prosperous planet.
Anglo's movement into Hulett's was not the best kept secret, as readers of last Saturday's Star are aware. What is more, yesterday's 60c price tumble in the sugar share comes as no surprise.

Anglo has a 17.3 percent stake in Tongaat, which through its holding in S & T Investments, has over 20 percent of Hulett's as well as a 3.3 percent direct holding in Hulett's.

Executive director of Anglo, Chris Griffith, who also heads Sigma and Anglo's American Industrial Corporation, will take his place at Hulett's boardroom table, nominated together with D W Strachan, by Tongaat.

C G Smith & Company have appointed Mr Warren Clewlow, executive director of Barlows in Natal, and Mr Bas Kardahl, executive chairman of Nampack, as Hulett's directors.

The market was warned last Wednesday that something was afoot when the price of Hulett's leapt ahead to 80c on a huge volume of over 122,000 shares.
Anglo gets RDM 20/12/30

Huletts foothold

by JON BEVERLEY

DURBAN — Anglo American Corporation has gained a firm foothold in the Hulett's Corporation boardroom with the appointment of Mr Chris Griffith, who is an executive director of Anglo and heads Sigma and Anglo American Industrial Corporation.

Mr Griffith comes in as a Tongaat Group nomination together with Mr D W Strachan, vice-chairman of Tongaat.

Two new directors have been appointed by C G Smith & Company to Hulett's. They are Mr Warren Clawlow, executive director in Natal of Barlows, and Mr Bas Karolohi, executive chairman of Nampak.

C G Smith has a new board following last weekend's acceptance of the offer to minority shareholders with Barlows holding an effective 86% stake.

An Anglo American spokesman declined to comment yesterday on whether the corporation had now consolidated its holding in Hulett's.

Anglo has a 17.32% holding in Tongaat and 33.3% of Hulett's Tongaat, through its holding in S & T Investments, has more than 50% of Hulett's, according to Anglo's annual report.

The board appointments were made on February 12 before the sudden rise to 900c of Hulett's shares and the above-average trading volume of more than 500 000 shares on the Johannesburg Stock Exchange last week. Yesterday Hulett's price was down to 890c and only a few thousand shares changed hands.

Market talk is that Anglo views the sugar operations in Rhodesia where it has a mill as well, together with Hulett's transport and aluminium operations as worth taking under its wing and also preventing Barlows from taking Hulett's into the C G Smith empire.
Anglo's sweet tooth

The American connection has been highlighted in the annual report of Anglo-Hotets.

Anglo-Hotets appointed a director of the Malaysian subsidiary, further consolidating its presence in the region. According to Anglo's annual report.
Barlows sugar
details

THE tie-up of the Barlows-CG Smith & Company deal, which involved Barlows offer to CGS shareholders who wished to sell out, has cost Barlows Rs 400,000 cash and the issue of 3,379,897 shares.

This gives Barlows 64.8% of the equity and 84% of the voting equity of CG Smith & Company (CGS). CG Sugar became a subsidiary of CGS in terms of the complicated deal, which involved the sale of Barlows 55% holding in Nampak in exchange for 189,008 CGS ordinary shares.

Barlows bought an additional 76,683 CGS shares at Rs 60 a share to provide CGS with funds to buy an additional 189,599 CGS shares, to make that group a CGS subsidiary.

Barlows then offered to acquire any CGS shares (other than those held by CG Sugar) that shareholders wished to sell for Rs 60 cash plus the allotment of 43 Barlows for one CGS share.
Deur GERT MARAIS

'N NUWE Federale Volksbeleggings is hier. Die herstrukturerin
dat die laaste ruk by die maatskappy gedoen is, het
die grondslag geskreep vir 'n totaal nuwe groep van die een
wat beleggers voor die tyd geken het.

In die laaste paar jaar is die groesstruktur
verander van een wat aan 'n spinaak kerinner het tot 'n en
voudige eenheid wat b
uit 'n beheermaats
skappy en vry afdelings
onder hom bestaan.
Dit het saamgeval met die verkoop van 'n klop
minderheidsbelegging
waarin beeld geop
sluit was, man waaroor
die maatskappy nie
beheer gehad het nie: Ter
selfdertyd is die aandeel-
houding in 'n aantal strate
gies beleggings heel
wat opgaat.

Die verkoop van FVB se belang in die strate
gies beleggings is nou vir praktiese doeleindes
afgehandel. Dit het nie die groesstructuur
verander nie, maar 'n kyk aansienlik geken
thee in om in die toekoms al meer op organis
e groei te konsentreer wat nie
wat nie voorsien
malikontant was toe
'n weye reeks aandele as
bloke beleggings gehou is nie.

'N Verdere gevolg is die
verbetering wat weens die herstrukturering in die
balansstaat en inkomenes
staat verwag word.

Dit wat hierbo gesê is is klus kuns om te veel aan 'n
lofsang, of aan die ander
kant na 'n aantlyn dat die
groep in die verlede
minder as goed daar uit
gesten het.

Dit is so dat die windsa
langs wat in 1977 voorge
kom het die groep se
beeld beknikkel in die
mark se oe is hierdie
wissellikheid nou iets
van die verlede Nadat die
aanbedryps in die eerste
kwartaal van 1976 by 130c
reden het, het 'n geor
neering tyng na die
einode van die derde kwar
taal verlede jaar vorgoe
nd dat die betekenis van 250c
't hom hoogtepun van 400c
gebruik. Die huidige di
unifopbrong van 4,1
per
sent is heelwat laer as die
nywerheidsefderkik geno
deld van 5,4 per
sent. Dit verduskeert
waarskynlik reds tot 'n
mate die verwagte ho
dividend wat vir die beel
aar tot einde Maart aane
kondig gaan word

Maar wat die maat
skappy gedoen om hierdie
verkoop te reg
verdug?

Aan die een kant is beheer verkoop vir 'n hele
aandeels maatskappy, of
die belang in hatte is aansienlik
verkoop. Aan die ander
cant is belas verkoop wat nie van strate
gies belas vir die
groep was nie.

Aan die aankoopkant het die volgende oor die
deloptie aantal jare
gaan:

Beheer is verkoop by
SR Druggists.

Beheer is aangekoop
voor Koloniale Beleggings.

Beheer is aangekoop
voor SA Druggists.

Beheer is aangekoop
voor Koker Beleggings.

Beheer is aangekoop
voor South African Television Manu
facturers verkoop.

Beheer is aangekoop
voor SA Druggists.

Beheer is aangekoop
voor Koloniale Beleggings.

Beheer is aangekoop
voor South African Television Manu
facturers verkoop.

Beheer is aangekoop
voor SA Druggists.

Beheer is aangekoop
voor Koloniale Beleggings.

Beheer is aangekoop
voor South African Television Manu
facturers verkoop.

Beheer is aangekoop
voor SA Druggists.

Beheer is aangekoop
voor Koloniale Beleggings.

Beheer is aangekoop
voor South African Television Manu
facturers verkoop.

Beheer is aangekoop
voor SA Druggists.

Beheer is aangekoop
voor Koloniale Beleggings.

Beheer is aangekoop
voor South African Television Manu
facturers verkoop.

Beheer is aangekoop
voor SA Druggists.

Beheer is aangekoop
voor Koloniale Beleggings.

Beheer is aangekoop
voor South African Television Manu
facturers verkoop.

Beheer is aangekoop
voor SA Druggists.

Beheer is aangekoop
voor Koloniale Beleggings.

Beheer is aangekoop
voor South African Television Manu
facturers verkoop.

Beheer is aangekoop
voor SA Druggists.

Beheer is aangekoop
voor Koloniale Beleggings.

Beheer is aangekoop
voor South African Television Manu
facturers verkoop.
KWV deeper into the market

Own Correspondent.
PAARL.—The KWV with its R32m is now part of an organisation that controls more than 50 percent of the distribution and marketing of wine and spirits consumed in South Africa, said Dr André du Toit, chairman of the KWV, when he addressed members of the Paarl Farmers' Association here.

Dr du Toit dealt in detail with benefits which would accrue to the KWV and its wine-farmer members as a result of the creation of the new group between the KWV, the Stellenbosch Farmers' Winery, Oudendaaper and Henry Taylor and Rieb.

SHARES

The growing local population and their increasing prosperity together with an increasing demand especially for South African natural wines and brands indicate a favourable growth potential for the new undertaking which will be known as Cape Wine.

The KWV indirect interest in this organisation was acquired for R42m and it is envisaged that this amount will be financed with R1m ordinary shares of R1 each to seven percent participating cumulative preference shares of R1 each from private placing and 25m 7 percent redeemable participating cumulative preference shares of R1 each.

These are to be taken up by a consortium of banks consisting of the Central Merchant Bank with 40 percent, Volkskas with 40 percent and Roland Bank with 20 percent.

The purpose of the issue of the 14m shares is to give selected participants involved in the wine industry at producer level the opportunity of beneficially participating in the KWV's indirect 20 percent share holding in Cape Wine.

The issue is offered to wine farmers' co-operative societies directly involved in the wine industry and to a limited extent to their personnel.

Participants can thus acquire an interest in the processing and marketing of their products.

The KWV is of the opinion that the re-structuring of the wholesale liquor interests holds possibilities for rationalisation which will be to the advantage of all parties involved in the wine industry.
Masferg gives
FVB extra biff
ROM 26/2/80
By H. PREECE

FEDERALE Volksbelydings has completed the formalities
of its take-over of Massey-Fer-
guson (South Africa) and thus
added powerfully to its already
impressive industrial muscle.
Masferg, now deleted from
the Johannesburg Stock Ex-
change, becomes Fedmech
Holdings with FVB having a
75.1% stake and Massey Fergus-
on of Canada the remaining
24.9%.
The Canadian parent used to
hold 51% and FVB 30%.
Although the Canadian deci-
sion partially to disinvest might
have been politically influ-
cenced, the deal has many ad-
vantages.
Local borrowing restrictions
are no longer a limiting factor
and FVB still has the benefit of
technical and financial links
with the Canadian group.
It is in the area of diesel
eengines, however that FVB
may particularly gain — apart
from Fedmech’s traditional
tractor business.
The South African Govern-
ment has decided to push
through the R400-million Atlan-
tis diesel engine project which
will effectively mean that only
two diesel engine groups will
function in South Africa, Mer-
cedes and Perkins.
Perkins is owned in South
Africa by Masferg, or rather by
FVB.
The diesel engine market at
present is worth well over
R100 million a year.
Masferg has also had around
25% of the South African trac-
tor market and thus could im-
prove, particularly as the local
component programme for
tractors is stepped up.
Atlantis is due to come on
stream in mid-1981 — although
the Government will have to
make an early announcement
on such final details as the
amount of protection the en-
gines will get if that target is
to be met.
The switch to locally pro-
duced engines will in itself
boost the local component val-
ue of tractors from little over
20% to well over 40%.
FVB said yesterday “The
decision by the South African
authorities to establish a single
diesel engine manufacturing
plant to supply all tractor and
truck manufacturers to the
virtual exclusion of all other
diesel engine makes, followed by
a directive to the Board of Trade
and Industries to investigate
and make recommendations re-
garding the increased local
manufactured content of trac-
tors, led to the present stage of
developments regarding Fed-
mech Holdings.”
Unicorp holders will benefit

JOHANNESBURG — Apart from a 14.7 percent increase in earnings and improved net asset value there are three main benefits that Unicorp Corporation shareholders will derive by accepting General Mining's offer for their shares.

The bank, which acted on behalf of minority shareholders in Unicorp, said that a 14.7 percent owned by a consortium of seven percent held by Federal Mining and in Federal Mining. Under the streamlined structure, General Mining will have a 45.4 percent stake in the enlarged company, which will thus be able to allow the banks between 50 percent and 149 percent owned by General Mining, without having to choose between maintaining one set of shareholders or another.

• The injection of R1.1 billion cash from the rights issue. This money, which will be provided entirely by General Mining's existing shareholders, will benefit the Unicorp shareholders who exchange their shares for a stake in the enlarged company.

• The enhanced financial resources of the group will be an asset in creating new ventures, the merchant bank says.

• The broader base of mining interests.

The rationalization benefits especially in relation to the increased research in mining, metallurgy, and processing of ores and in marketing operations.

The scheme document records that the R100 per share represents a 4.1 percent premium over the share price on the Johannesburg Stock Exchange immediately before the deal was announced. This premium was 0.1 percent.

An important warning is added. The circumstances which led to the current exceptional volatility in the bullion market are unprecedented and predictions of its future course must take into account the possibility that bullion prices could retreat at rapid as they escalated.
The aims behind that Genmin offer

By DON ROBERTSON
Mining Editor

The rationale behind the General Mining bid for complete control of Union Corporation is undoubtedly the desire to create a financially strong group with the muscle to raise the necessary finance to develop its many existing projects.

And the official offer document released today contains a recommendation of acceptance by Mr Ted Pavitt, chairman of Union Corp and from Barclays National Merchant Bank, who were called in to protect the interests of minorities.

When the offer was first made in December, the terms - 80 General Mining for 100 Union Corp - drew criticism from some sources. However, since the year-end results for both groups were announced last week, a better understanding of the deal becomes apparent.

On a straight dividend, earnings and asset basis, the 80 General Mining shares represent a reasonable premium on the 100 Union Corp, although the switch in the emphasis of the income contribution of the new, enlarged group might not be to every shareholder's liking.

As an integral part of the deal, it is required that General Mining make a rights issue to existing shareholders in the ratio of 20 new shares for every 100 shares held at £1.50 to raise R100-million.

In addition, 1,170,000 A ordinary shares will be issued to Federale Mynbou and Sentrue in exchange for the cancellation of Fred Mynbou's 25% participation interest in General Mining's new ventures and Sentrue's 10% participation right.

Assuming all these proposals are implemented, a shareholder of 50 Gen Mining shares in the enlarged group would have received dividend income of R6c a share or R71,200 based on the results to December last. This compares with R6c a share or R62 on 100 Union Corps.

On an earnings basis, the figures for 80 Gen Mining would have been 196c a share or R155,50 compared with R136.4c a share on 100 Union Corps or R138.40.

Based on net assets, the figure for the Gen Mining shares is 2.13c a share or R1.708 compared with 1.624c a share or 1.640,50 for 100 Union Corps.

General Mining has expressed a policy of maintaining at least a dividend cover of 3.2 times, slightly less than it held last year. This would represent a dividend of 71.2c a share from the combined group compared with 62c from Union Corp.

On an overall income position, based on December figures, the position changes regarding the composition of the income base and for the Union Corp shareholder who holds dear the previous predominance of gold, uranium and platinum in his portfolio, he might not like the switch.

It must be borne in mind though, that this composition could change in the future.

Prior to the scheme, gold and uranium made up 21.6% of income to Union Corp. This will fall to 20.5% in the new group, based on last year's figures.

Platinum contributed 12% to Union Corp but this will fall to 91% and the strong contribution from industrial and commercial investments will fall to 29.5% from 33.6%.

The difference will effectively be made up by a bigger income from coal of 7.3% against 25.1% and a strong increase in earnings against 13% from financial and management services.

The change is marked the same when considering the restructuring of the assets.

The benefits of a bigger stake in the growing coal industry appears to be the only benefit from this change in portfolio income.

However, the document points out that the operating profits of the 12 gold mines in the enlarged group contributed to earnings based on a gold price of R270 for the period to September. Since then, the gold price has risen to an average of R489.

But the longer term benefits might perhaps outweigh what could be a short-term switch in the income contribution, certainly with regard to financing new capital projects.

In the past, Union Corp has been restricted in its ability to raise finance, its balance sheet being fairly heavily committed.

General Mining on the other hand is fairly free from debt and will raise R155-million from the rights issue. Invested at 7%, this cash will earn 13.52c a Union Corp share.

Together, the group has a number of exciting projects on hand.

The primary uranium producer, Beisa, is expected to come into production in 1993 at a cost of R259-million. The Beatrix mine, now being considered, could cost R459-million.

Sappi expects to spend R500-million over the next five years.

Most interesting is Gen Mining's plans to develop its northern Transvaal coal fields to produce uranium, various grades of coal and possibly synthetic fuels. This project would cost a considerable amount.

Should the deal be approved by shareholders, Federale Mynbou will end up with a 45% stake in the group, the Union Corp minority 29.6% and the existing Gen Mining minority 24.78%.
Unicorp says "yes" to Genmin offer

It is a whole new exciting world for General Mining and Union Corporation, and I therefore see little reason why Unicorp shareholders should have second thoughts about accepting General Mining's offer of 80 of its shares for every 100 Unicorp shares now held. The board of Unicorp, led by chairman Ted Pavitt, recommend the deal to shareholders.

The plan to buy out the outstanding 48.3 percent of Unicorp not now held will put the enlarged mining house in a strong shape to tackle the riches of South Africa and opportunities elsewhere that lie ahead in the 80s — something which may not have been as easily tackled as separate units because of the enormous costs of mining and exploration.

The offer document says that Genmin continues to explore for gold and base metals and interesting discoveries have been made which are in the process of being evaluated. Genmin has existing potential cost developments on the cards.

PLANS

Unicorp is spending R270m to open the new Ohrada gold mine in 1979. It will need R400m if it proves rich with a new gold mine south of Beira, and has extensive industrial development plans as well — one of which Sappi has announced a R300m programme over the next five years.

As one sees the potential to tap financial resources will be greater, and as one group Unicorp shareholders will share in the progress. Ownership of the enlarged Genmin, assuming all the proposals are accepted, will be:

- Unicorp minority 29.6 percent;
- existing Genmin minority 24.78 percent.

As a separate issue, Genmin plans to raise R80m by way of a rights issue from its own existing shareholders. The money raised will benefit the group but the non-Unicorp shareholder will not have been called on to contribute.

Because of Genmin's extensive and promising interests today's Genmin shareholders will be taken into a field where it is now hardly represented. On the other side, Genmin will share in widened and closer access to overseas interests, including gas and oil fields in the Gulf of Mexico and the North sea.

It is clear from the documents that both houses need each other.

With profits rising at 19.7 percent a year, an increase in dividend income, a 14.8 percent appreciation on earnings and a 4.0 percent rise on net asset value comparisons, both mining houses have come a long way in their own right over the years. As one travels even further — and faster.

What it costs

The cost of the scheme between General Mining and Union Corporation is estimated at R400m.

The formal offer document, published today, says that this R400m will be paid by Genmin, but that the fee of Barclays Merchant Bank Limited will be paid by Unicorp.

There is no breakdown of the costs, but they would include, overdraft fees, the fees of auditors and lawyers, printing and publishing costs, stamp duties and other costs usually associated with schemes of arrangement.
London cool on that Genmin offer

By John Cavill, Financial Correspondent
LONDON - General Mining's final offer for the 48.3 percent of Union Corporation it does not hold is "not over-generous" - but London stockbrokers are recommending their clients to accept and hold the Genmin shares.

Lex, the Financial Times investment columnist, describes the Genmin terms as "right" and says the formal offer "does not make very inspiring reading."

The column also points out that "minorities can be awkward."

Genmin cannot vote its own Unicorp shares and needs 75 percent of the minority-held stock to approve the merger.

"With about a quarter of the independent Unicorp shares held outside South Africa, this affair is not cut and dried," comments Lex.

SUPPORT
But most stockbrokers polled yesterday believe the scheme will get enough support and that Unicorp shareholders should accept.

James Capel and Company commented: "We would have preferred Unicorp to remain separate and not be swallowed up into a big conglomerate. But we think Genmin has enough backing to make the merger a fait accompli and Unicorp shareholders should accept it."

There was, however, some conflict of opinion over the price relationship between the two stocks. Al-Sunni and Coates, Mr Richard Taylor said he was recommendingclients to buy Unicorp as a cheap way into Genmin.

IMAGE
With Genmin at 20.25 dollars yesterday, the 80-for-100 share offer priced Unicorp at 16.20 dollars against the market price of 15.90 dollars.

"It would have been nice if General Minnig had been a bit more generous but in the long term we believe it is a mining house in which people should be invested especially with the consolidation of Unicorp," he said.

"Genmin's image could, however, benefit from a bit more education of overseas investors. And a repeat of the exercise of three years ago when Genmin held a series of seminars and meetings here would help."

A change of name to bring Unicorp into the title of the merged grouping might also benefit Genmin overseas," he said.

But at Messel and Company, analyst Mr Geoffrey Ware, said the prices of the two shares were exactly in line in terms of the offer.

| Average payment (cash plus kind), |
| (R per week) |
| 1,022 | 8.03 |
| 446 | 7.72 |
| 3,017 | 7.40 |
| 7.21 |

| Number employed | Average payment (cash plus kind), |
| (R per week) |
| 38 | 8.47 |
| 19 | 4.44 |
| 362 | 5.98 |
| 695 | 6.64 |
| 1,114 | 6.45 |

So African workers were R15.49 a week and 4.65. Agricultural census data give the figures:

LE 19

PAYMENT (IN CASH AND IN KIND) BY RACE: FOUR MAGISTERIAL DISTRICTS, 1972-73

on agricultural and pastoral production, rural Census No. 46, 1972-73, Report No. 06-01-10.
Looking ahead

In the six months to December, ATI’s main subsidiaries appear to have done better than those of South Atlantic Consolidated Glass, for example, continued to boost productivity in the wake of growing consumer expenditure Greater utilisation of manufacturing capacity, together with effective cost controls, resulted in attributable profit growing by 45% compared to a 24% increase in sales. Specifically, earnings per share rose to 30c (56c) but, as usual, no interim dividend is payable.

In the glass division, sales have continued to improve, while the efficiency of the glass tableware operations has improved sufficiently to make a useful contribution to group profit. As for plastics, the division is now operating at an acceptable level of profitability, and earnings were enhanced by the acquisition of the entire equity of SA Blown Containers, a specialist supplier of quality packaging to the cosmetic industry.

Despite Cons Glass now approaching the point of acceptable plant utilisation, opportunity is being taken of buoyant demand to further extend glass capacity by enlarging existing facilities as furnaces fall due for periodic repair.

These options are being exercised to meet anticipated future demand and to ensure sufficient stand-by capacity to continue a high level of flexible production and customer service. Consequently, capex at the half-year mark is up at R5.3m, compared with R3.9m in the previous equivalent period and R1.3m in the previous year.

As such, this could put some constraint on Cons Glass’s ability fully to pass on to shareholders the benefits of higher earnings. Under the circumstances, and depending on the need to feed holding company ATI, I would expect the dividend cover to remain in excess of 3.5 times.

Traditionally, the second-half is quieter, so expect lesser earnings of about 85c to give 175c for the year. Out of this, Cons Glass could reasonably be expected to pay a dividend of 80c. This places the share on a rather attractive prospective yield of 7.5%, given the potential that still exists for growth.

This time round though, star performer in the Anglovaal stable promises to be South Atlantic’s T W Beckett with its 88% increase in earnings, up from 24c to 85c. Again, the improvement is attributed to higher sales, better efficiencies and larger margins. Although some pressure is expected on margins in the current half, Beckett could easily turn in a repeat performance; earning 75c for the year and paying a dividend of at least 25c for a prospective yield of 6.4%. As such, it is not as attractive as Cons Glass.

Anglovaal’s marine electrical and engineering company, Globo Engineering did not fare as well. Although there was a substantial improvement in the company’s profitability as a result of increased market share in Cape Town, group profit was dragged down by the loss of R641 000 (R698 000 profit) at James Brown & Hamer and lower profits from Shipwrights & Engineers Holdings.

Globo’s pre-tax profit was thus slightly lower at R1.1m (R1.4m) on turnover 5% ahead of the previous comparable first half. After adjusting for a higher tax rate and minorities, earnings per share were equivalent to 10c (22c). Given lower capital commitments, and continued profitability from Globo, there is every prospect of the dividend being maintained at 27.5c for the year, even allowing for an uncertain second half from James Brown & Hamer.

Globo’s other subsidiary, Shipwrights, reported a 12% decrease in turnover. Combined with a decline in deposit interest rates, this led to a lower pre-tax profit of R178 000 (R220 000) and lower earnings of 13c (17c). For the second half, demand is expected to improve, but not sufficiently to overcome severe competition. So look for lower earnings over the year, but probably for a maintained dividend of 25c.

Elsewhere, Claude Neon managed to boost earnings from 8c to 11.4c as previously bought sign rental contracts started to pay off, and as a marked improvement in demand was experienced. The order book is said to be good enough to warrant the forecast of an even better second half, and a modest increase in the 7.5c dividend.

In percentage terms, Steelmetals posted the largest improvement as demand for engineering supplies and services bloomed and as several contracts were closed. Earnings grew by 122% in rising from 18c to 40c. Further contract closures are expected in the second half and there should be some positive spin-off from the recent purchase of 51% of File Hite, a company hiring capital construction equipment.

National Bolts also did well to push attributable profit up by 59% to R1.3m (R823 000). Earnings rose from 17c to 27c and are expected to be roughly the same in the second half to give a total of 54c for the year. Obviously, there is lots of room to improve on last year’s dividend of 16c.

Overall, ATI appears set for another good year. It managed to boost earnings by 41% to 79c (56c) in the first half. However, capital commitments were way up at R15.7m compared to R2.2m last time round and only R4.9m for last year. Obviously, this is going to prove a constraint on underlying subsidiaries, such as Cons Glass, from passing on the full benefit of any earnings advance. In the second half, ATI is forecast to do as well, implying earnings of at least 168c. But, owing to the nature of the underlying dividend receipts, all of which now flow through in the next financial period, do not expect much more than perhaps a 40c total dividend, covered 3.0 times by last year’s earnings of 125c or 4.0 times by predicted earnings this year.

South Atlantic, on the other hand, appears to be becalmed by adverse engineering and food results. Not even Beckett’s sparkling performance could boost attributable profit by more than R138 000 to R3.7m. But, given a repeat performance in the second half, earnings for the year could total 60c to leave the dividend unchanged at 19c.

John White
UK emphasised

Activities: UK-based multinational conglomerate with main interests in agricultural equipment, general trade, export finance and insurance, engineering and manufacturing. Other interests include liquor, textiles, mining, printing and publishing and hotels. About 50% of pre-tax profit is derived from African operations while 35% originates in the UK. Arab interests control 20% of the equity with chief executive, Tony Rowland holding some 15%.

Chairman: Lord Duncan Sandys, managing director R W Rowland.

Capital structure: 210.7 million ordinarlies of 25p fully paid and 200 000 5p paid.

Market capitalisation: R453m.

Financial Year to September 30, 1979.

Borrowings Long- and medium-term, £59.4m, net short-term, £192.4m.

Debt/Equity Ratio: 66.5%. Current ratio: 1.1. Capital commitments: £98.6m.

Share market: Price: 215c (1979-80 high, 236c, low, 165c, trading volume last quarter, 1.7m shares). Yields: 12.5% on earnings, 6.3% on dividend.

Cover: 2.1 PE ratio: 7.4.


Pre-tax profit (£m): 93.4 90.2 93.6 84.0

Earnings (c): 20.2 23.1 26.1 28.5

Dividends (c): 7.6 9.9 11.4 13.3

Net asset value (c): 231 243 306 328

In its 70th year of operation, Lonrho reported a lower profit despite higher turnover and buoyant prices for its mining products. Nevertheless, the year to end-September 1979 was very important for the group’s policy of increasing investment in UK-based income sources.

Last year, Lonrho’s turnover increased 5% to £1.6 billion (£1.5 billion) — not particularly impressive considering the diversity of group interests. Pre-tax profit dapped 10.3% to £94m (£85.8m), but the directors lifted the dividend total to £1.65p (6.65p) in line with the improved year-end liquidity. Cash balances at end-September were £56.6m (£34.4m) and the final 4.68p dividend will cost £10.1m (£8m).

Chairman Tony Rowland explains that the ‘exceptional’ fall in profit last year is attributable to heavy re-investment needs and trading problems in West Africa, as well as the expense incurred in the Monopolies and Mergers Commission investigation into the then proposed takeover of the Scottish Suits group. Nevertheless, he regards the balance sheet as ‘healthier’ than it has ever been.

The 22.4% increase in pre-tax profit attributable to Southern Africa arises mainly from the group’s Rhodesian gold, and SA platinum and coal mines. In particular, 50.4%-owned Western Platinum had a good year, increasing working profit to R17.6m (R9.9m) on a 67.3% rise in sales to R42.9m. Wesplat sells most of its production on contract to Mitsubishi, Japan, but some is sold on the free market where prices have been at record levels.

Group gold mines realised an average $261 for production of 358 000 oz, and thus year prices have been much higher. Lonrho has a number of gold properties viable at a gold price above $250. Development of some of these is in hand, promising additional income in the current year.

Meanwhile, the year was not without its thrills. There was the litigation over the Unital pipeline, the Arab-Rowland boardroom battle, the investigation into the takeover of Hovis, and the acquisition of a larger stake in the House of Fraser. With the acquisition of the suitors’ minorities after the year-end, Lonrho continued the policy of increasing its UK income base. As a result of this £73m takeover, Lonrho also increased its stake in the House of Fraser to 29.9%, just under the 30% limit at which it would be obliged to make an offer to minorities.

Other new UK acquisitions included Harrison & Sons, the security printers, and further motor dealerships, like Dutton-Forsyth. In addition, since the year-end, it has bought 50% of Princess Properties, which owns hotels in the US and UK.

These acquisitions should enhance Lonrho’s market rating, as it now relies proportionately less on more risky African-based investments. Should a stable settlement eventuate in Rhodesia, the share price should move higher. For the moment, at 215c, yielding an historic 6.2%, Lonrho appears fully valued.
Shippers for T&I

Financial Reporter
TRADE & Industry Acceptance Corporations has reached agreement for the acquisition of the Commonwealth Shippers group (CSL) and its Bermuda-based associate, Commonwealth International Holdings (CIH), from Kirsh Industries for a price of R4 300 000.

The price will be met by the issue of shares in T&I and a package of cash or preference shares carrying a coupon linked to the prime overdraft rate. CSL, the South African arm of the group, conducts business as consumers and financiers, financing and servicing the international and domestic movement of goods for clients in South Africa, the United Kingdom, America, Canada, Israel, New Zealand and Norway.

The non-South African subsidiaries of the group are controlled by CIH.

The purchase price of CIH is R1 240 000, which will be settled by the issue of 240 000 shares in T&I at an effective price of 52c a share. This compares with the current market price of 60c.

The price paid for CSL is R3 million which will be settled by the issue of 220 000 shares in T&I, representing half the total. This puts a price of 469c on the issue of these shares.

The balance of R1 500 000 will be paid either in cash, or by the issue of redeemable preference shares, which will carry a coupon related to the prime rate with a maximum and minimum rate.

The 560 000 shares to be issued will not rank for the dividend to be declared by T&I for the year to June next. However, the issue will give Kirsh Industries a 16% stake in the enlarged issued share capital of T&I and will include board representation.

The acquisition of the CSL, which will take effect from July 1 this year, will not have a material effect on T&I's net asset value, but should contribute to earnings in the following financial year. The benefits of rationalization thereafter should be more noticeable.

It is expected that the acquisition will push up T&I's receivables account to between R70-million and R80-million a year compared with the current R60-million Consolidated turnover of the group should rise to about R600-million a year. The deal requires approval by T&I shareholders.
Deur GERT MARAIS

SUId-AFRIKAANSE BROUERYE en Rembrandt is besig om twee totaal winkels te volg.

Volgens die ooreenkoms wat in November gesluit is, is toe die bieroorlog tussen die twee ondernemings, sal hulle in die komende vyf jaar 7,5 persent van hulle drankliensies per jaar moet verkoop. Daarna word die persentasie tot 10 persent per jaar opgeskuf totdat al hul liensies verkoo is.

Dit beteken dat SAB van jaar sodat tien drankwindels moet verkoop en Rembrandt selfs.

SAB het tot dusver nog nie een drankwinkel verkoop nie. Geen transaksies word voor die tweede helfte van die jaar verwag nie. Die maatskappy is tans besig om planne vir die verkoop van die winkels deur te werk.

Die algemene beleid by die verkoop van die winkels sal egter wees om die swakste eerste te verkoop. Dit sal dié wees met 'n klein omset en 'n klein winst, maar op kleiner plekse.

SAB is van plan om Sally Kramer, die naam waaronder die winkels handel, dryf, se personeel se eerste opsie te gee.

Die huidige word gepoog om die winkels se personeel so goed moontlik bymekaar te hou, want dit is duidelik dat daar geen langtermynvooruittegtes vir hulle in dié drankwinkels self is nie.

Rembrandt, aan die ander kant, het reeds met die verkoop van sy kwota winkels vir die jaar begin. Die maatskappy wil nie sê hoeveel tot nou toe verkoop is nie, maar dit is waarneemlik nie meer as 'n handvol nie.

Verskeie navrae is tot dusver uit alle dele van die land ontvang en 'n paar aanbiedinge word nou oorgeek.

Die maatskappy volg egter glad nie die beleid om voorkeur aan WP-kelders of enige van die ander winkelgroepse se personeel te gee. Gewone sakebeginnels word gevolg: as die prijs reg is, word die winkel verkoo.

Volgens 'n woordvoerder van die maatskappy is dit nie die beleid om bekend te maak hoewel, waar, aan wie of teen watter prys die winkels verkoo word nie. Rembrandt sal hom egter by die ooreenkoms hou.

'n Ander drankgroep, Uniewyn, is in teenstelling met SAB en Rembrandt se pogings om hulle drankwinkels ongeluk te raak, druk besig om sy eie reeks winkels uit te brei.

Die maatskappy het kort voor die ooreenkoms tussen SAB en Rembrandt gesluit, na toestemming van die Regering gekry om 'n verdere 75 winkels te koop. Dit sal hom die groep met die meeste kleinhandelsafset-punte vir drank in die land maak.

Uniewyn is besig om 'n hele paar winkels te ondersoek en sal binne die volgende veertiende daaroor besluit. Die groep sal graag sy kwota van 75 so gou moontlik wil koop.

Die eerste klop nie vir kontak gekoep word, maar daarna sal na finansiëring oor die langtermyn gekyk word. 'n Uitgifte van een of ander aard is waarneemlik moontlik.

Volgens Uniewyn se be- sturende direkteur, mnr. W. D. Terblanche, is daar heeltemal genoeg drankwinkels om na te kyk. Hy ondersoek tans 'n paar op die platland. Die enigste voorwaarde is dat die winkels winsgewend moet wees.

Hy sê nie SAB of Rembrandt het nog nie van hulle winkels aan hom aangebied nie.

Geen van die drie groepe wil kommentaar oor die priese van drankwinkels lever nie. Afhangende van grootheid en winsgewendheid aan die pries vir 'n gemiddelde drankwinkel egter tussen R60 000 en R200 000.
Bitcon puts cash muscle into Altech

BY ELIZABETH ROUSE
ALLIED Technologies' takeover of the cash and property company, Bitcon Holdings & Trust Company, emerges as a potentially useful and profitable deal for Altech and investors.

Bitcon becomes the holding company for Altech under the name of Allied Electronics Corporation (Altron) and has been reconstructed to give investors a better chance of gaining a stake in Altech.

The creation of this holding company, which will have R17-million in cash, gives Altech flexibility in its aim to become a force in the international electronics field.

Altech's chief executive, Mr Bill Venter, says that besides doubling the size of Altech, Altron gives the group the funds and paper for an acquisition in the R25-million to R35-million range without resorting to borrowings.

It also opens up an avenue for raising funds by means of a rights issue, giving flexibility of movement in building up a strategic South African owned electronics group.

Another important factor is that the establishment of a pyramid company for Altech removes a potential problem that could inhibit Altech's growth — the issue of Altech shares sold have brought the holding to Altech's executive team below 50%. Now that team holds 49% of Altron.

Altron will have 11 125 140 shares in issue of which 1 600 000 (15%) will be in the hands of the public.

The Altron shares will each contain 40% of an Altech share, so represent an alternative way into Altech, in which JIT of America has a 33% stake. The public has access to a trading pool of barely 500 000 shares.

Altron will have a controlling 51% stake in Altech, plus R6-million in cash — there was about R2-million cash in Bitcon and the share portfolio has been sold for R4-million — and a property portfolio that has been independently valued at R1 600 000.

Based on Altec's preliminary results for the year ended last Friday, Altron would have earned 45c a share. In keeping with its status as an investment holding company, Altron would pay out its entire dividend income and most of its other income. This would have been about 29c a share for the year just ended.

Based on Altec's current share price of 1.55c, the Altron shares are backed by 50c of Altech alone. Altron's net cash and property investments add a further 16c a share.

A statement that Alttech will be published later this month. Altron will stand at the head of the electronics group's three arms — the recently formed Teltech telecommunications group, which with STC, is a force in post office telecommunications in South Africa, the Allied Technologies components and general electronics operations, and the Powertech group.
ALTECH/BITCON/POWERTECH

Gearing for growth

Since the Uniewunks deal, Altech has been regarded as a liquid and highly acquisitive electronics company. And with the STC takeover in 1977 the group moved into the big league. Becoming the largest local electronics operation, this week's Bitcon deal offers even further potential and besides giving the group access to extensive finance for large scale investment in coming years, it comes at a time when Altech is looking further afield to strengthen its already stable base in the electronics and telecommunications sections.

The deal centres on the injection into Bitcon, already rechristened Allied Electronics Corporation (Altron), of a controlling 52% stake in Altech valued at R47.5m. Accompanying this is a five year share split of the present 371 000 Bitcon shares and the issue to the Altech directors and executives of 5,3m new Altron shares for their holding in Altech. In the end Altron will have 11.1m shares in issue with minorities holding 1.8m.

The immediate effect is that an interest in Altech becomes easier to acquire through Bitcon, answering the now fairly common question of when Altech might have a share split to make the equity more marketable. The Altech directors and executives hold 52% of the equity, ITT of the US 33% and local institutions up to 8% leaving less than 900 000 shares available to the public. With the current price up at 1 300c the share is not very marketable.

The major impact of the deal, however, is the leverage Altron gives the Altech group in its quest for further acquisitions. In Altech's business, local control is essential, particularly when tendering for strategic government contracts. Should Altech have issued shares in pursuance of its acquisition policy, the controlling shareholders' stake could have dropped below 50%. This might have paved the way for a change of control, particularly as ITT could have come out as a buyer — or a seller to a third party — at some time in the future.

Admittedly, this situation does not exist at present, says Altech chief executive Bill Venter. "But we had to guard against that possibility while at the same time ensuring we had the capacity to expand." With the Altech directors and executives holding 84% of Altron there is now considerable financial leverage before control could change. For example, if Bill Venter and his team reduced their stake in Altron from 84% to 51% — still leaving 52% of Altech in Altron — additional finance of more than R20m could be raised.

This does not include the R11m cash currently held by Altech, or R2m in Altron since Bitcon's listed portfolio was sold to Anglovital or the R10m available in borrowings to Altech before it ran up against a self-imposed 50% debt equity ceiling. Additionally, Altech could have its own rights issue. Thus should the need arise, the Altech group could have access to as much as R50m.

Venter says nothing major is in the pipeline at present, but stresses that the acquisition hunt is not confined to SA. "We are large and our three divisions have the capability to tender on turnkey projects here and abroad." So perhaps Altech is set to become the next multinational on the JSE lists.

Although more than 96% acceptance has been gained on the Bitcon takeover, the preliminary results for Altech and sister company Powertech should encourage any recalcitrant minorities to accept happily. Altech's turnover rose 51.7% to R88m (R56m) while pre-tax profit increased 45% to R15.4m. (R10.6m). On earnings of 100.4c (71.7c) a higher 40c (28c) dividend has been declared to more than match market expectations.

These earnings did not include any benefits from the Messina acquisition during the year nor the recent tie-up with the French CFE group for the local manufacture of telephone exchange electronic digital switching equipment for the Post Office. Next year this latter deal will kick in and offers the telecommunications division a solid 15-year contract which will further enhance earnings.

For subsidiary Powertech the year to end-February was better than budget. Profits of 5.1c compare with the forecast of 3.4c at the time of the Circumtae takeover in July, and a 2c maiden has been declared.

The market responded enthusiastically to Altech's results, marking the share up to 1 300c from 1 225c on Monday Powertech, however, remained almost unchanged at 110c. Venter cautions against expecting too much from Powertech in the short-term, but reminds shareholders that in its first year Altech did not perform as well as Powertech did in 1979-80.

This week's results and the Bitcon deal mark a watershed for the group: The full implications of the funding channels opened to an already liquid group will not be seen immediately. But in the next three years it should pay off as the group operates on its own stringent investment criteria and steers clear of excessive gearing. So far, Venter's management has pushed Altech from 100c to 1 300c in just four years. The next four-year span could be as exciting.

Bill Venter... perpetuating control
Activating Investment company in the Union Corporation group} Holds major stakes in Impala {12.4%} and Union Corp Evander gold mines {Union Corporation holds 48.4% of the equity}

Chairman E Pavitt, executive director. L A Smith

Capital structure 1975m ordinary shares of R1 Market capitalisation R238,4m

Financial Year to December 31 1979
Net cash R11,1m. Current ratio 1:1
Capital commitments R16m

Share market Price 2,25c (1979-80 high, 2,25c; low, 1.45c, trading volume last quarter, 467,000 shares)
Yields 6.9% on earnings, 4.0% on dividend. Cover 1:4. PE ratio 14.4

Investment income
(R 000)
7,200 7,190 9,884,146,766
Pre tax profit (R 000) 8,330 7,243,717,078 1,782
Profit before tax (R 000) 85,3 103,1 127,0 257,3
Earnings (c) 32,4 37,1 61,0 64,9
Dividends (c) 30 30 42 60
Net asset value (c) 490 527 652 1,327

Last year, shareholders in UC Investments saw their investment exceed most expectations to earn a record R14,4c (R14c) and pay 60c (42c) This year prospects are even better Chairman Ted Pavitt's optimistic annual statement promises that 1980 should beat the 1979 record by a substantial margin despite the funding requirements for UCI's stake in Union Corporation's new uranium/gold mine, Beisa.

In the year to end-December, the average gold price based on the London afternoon fix was R30. stemming from a range for bullion of R215-525. Already this year the average is over R500, and even if the price does recede from present levels, UCI's investment income will boom again in 1980. Record platinum sales and prospects, as reflected in Impala's interim statement two weeks ago, are further bull points for UCI's dividend income this year. Outside of gold, Impala is UCI's largest investment with a value this week of R49,6m. During the year UCI sold 285,000 Impala shares.

Investment income in 1979 totalled R14,7m (R9,9m) = 46.5% improvement stemming from higher dividends, particularly from gold and platinum investments. UCI's major holdings are in the Union Corp Evander mines where dividend income was well up. Winkelskop, for example, raised its distribution 58.9% to 20c (125c) a share, Kinross 34.6% to 72c (55c) and Bracken 18.2% to 52c (44c)

The higher gold price also increased Bracken's life by roughly four years, but UCI nevertheless cut back its holding in this mine by more than half to 831,000 (1.7m shares). This follows on the previous year's reduction of the stake in the low-fee Kidney and an increased investment in Union. In 1979 the holding in Unisel was again increased and UCI now holds 1.8m (1.76m ordinaries)

UCI's share rate

Financial Mail March 7, 1980

Other changes in the gold share portfolio were the disposal of St Helena, a reduced holding in Kinross, a doubling of the investment in Balfour, and the addition of 100,000 Stilfontein shares.

Shareholdings in the metal sector were virtually unchanged, while major variations in industrial counters centred on increased investment in Barlow and the disposal of Tiger Oats. In the Unisted section, the first R15,5m tranche in Beisa was reflected. During the course of this year and next, a further R18m will be pumped into Beisa, for an ultimate holding of 15%.

Prospects for this year include last October's start up of Unisel and the expected maiden dividend from this investment. Last year, UCI bought to account its first dividend from Ergo. Also, the industrial holdings should produce higher income, as should the increased holding in Winkelskop, gained when UCI exchanged its prospecting and mining rights over the farms Driehoek and Goedehoof. Pavitt says initial drilling results from two boreholes are "most encouraging."
Dit gons om Kirsh-groep oor 'grote' FRANZ ALBRECHT

VIR die soekeste keer het die ongenoterte Kirsh Industries-groep die Suid-Afrikaanse sakewereld aan die gons. Hierdie keer, lyk dit egter of die groep 'n werklik groot vis in die gedagte het, of aan groot uitbredsels dink.

In die kort bestek van 'n week het die groep 'n belangrike volfillaal, Commonwealth Shippers, vir R4,3 miljoen verkop, én die befaamde jong oud-regter, mnr. Mervyn King, 41, as uitvoerende direkteur aangestel.

Hy is die eerste nuwe uitvoerende direkteur in die Kirsh-groep in twintig jaar wat nie verantwoordelik is vir 'n spesifieke bedryfsmaatkappy nie.

Die voorzitter van Kirsh Industries, mnr. Nat (Nathan) Kirsh, 45, was tot nog toe die enigste uitvoerende direkteur wat nie in beheer van 'n sekere bedryfsaktiwiteit was nie. Saam met hom op die raad is sy broer, mnr. Tony Kirsh, wat verantwoordelik is vir Swaziland se handelsradio, en mnr. Dudley Hope, in voormalige hoofbestuurder van Standard Bank.

Maar die verkoop in begin van Commonwealth Shippers aan Trade & Industry Acceptancetjie Corporation verlede week, bou twee groot voordele in vir die Kirsh-groep wat hom nog verder slaggereed maak vir groot dinge.

Teen die middel van die jaar, wanneer Commonwealth Shippers deur Trade & Industry geboorbeer is, keer die huidige besturende direkteur van Commonwealth Shippers, die vryligging ige mnr. Arnold Levy, terug na die Kirsh-groep as uitvoerende direkteur.

Dit beteken dat die Kirsh-groep binne kort twee nuwe uitvoerende direkteure op sy raad sal hê, waarvan die eerste al in die tuig is. Die gewig wat al vir die groep se uitvoerende direkteur in die ekonomiese wereld dra, mag nie onderkant word nie.

In die tweede plek hou die verkoop van die verskoppings-en konservendiebuis (Commonwealth Shippers) 'n geweldige voordoel vir die groep in. Die enorme voorwaardellike afskude in die toekoms het met so 'n maatskappy gepaard gegaan, word nou uit die balanskaart van die groep verwyder.

Die transaksie met Trade & Industry is deur gevoer met Trade & Industri-sandelie plus 'n balans van R1,5 miljoen in of konstant, of aflossure voorkoersaandeel. Maar die geldwaarde van die transaksie is 'n toevallige wens in vergelyking met die enorme potensiale las waarvan ontsal geraak word.


Hy het ook, na wat 'n berig word, gesê mnr. King sal hoplik in die buiteland aanbly om die knoop van die nuwe onderneming deur te hak.

Hoewel Kirsh Industries nie genoteer is nie, is daar reeds drie genoteerde maatskappe in die groep: Kinet (waarvan 63 persent deur Kirsh besit word), Metro Cash and Carry Holdings (50 persent), en Constantia Verserserking (50 persent).

Nadat die transaksie met Trade -- Industry beklank is, sal Kirsh 15 persent van die uitgerekte aandeel van hierdie genoteerde groep besit.

Daar is baie bedrywighede in Swaziland, waarvan die Swazilandse regering 'n aandeel het. Mnr. Kirsh is sowat 22 jaar gelede na Swaziland om sy sakebelange op die been te bring. Oorsee is daar ook bedrywighede.

Die Kirsh-groep het ook 'n 50 persent aandeel in 'n paar van die spesiaaldestasiedommete in Johannesburg.

Mnr. King word ook aangestel as uitvoerende direkteur van die groep se belange in Europa en Noord-Amerika, wat onafhanklik is van hierdie Afrika.
Anglo kyk dalk na Simmers

DIE lys van ou goudmyne aan die Witwatersrand wat as gevolg van die huid goudprys nuwe lewe gaan kry, word al hoe langer. Die jongste gerugte is dat Anglo American moontlik 'n aanbod vir Simmer and Jack gaan maak. Op die oomblik behoort die myn aan 'n konsortium sakemanne.

Geen bevestiging kon vir die gerugte gekry word nie, maar kennerse Anglo het sy opsig om Simmer and Jack te koop vir 'n maand verlang. Nader inligting kan moontlik binne kort beskikbaar gestel word.

Een van die grootste probleme met die ou myne in die sentrale Witwatersrand-gebied is dat hulle groot probleme met water het. Indien Anglo in Simmer and Jack sou belangstel, sal dit beteken dat hy 'n groot skaalse ont-waterings-projek sal aanpak wat al die ou goudmyne in die gebied gaan droogte.

Dit sal 'n enorme projek wees en uit die aard van die saak baie kapitaal verg. Sekere kennerse meen egter dat daar genoeg ondergrondse reserveres in die gebied is om so 'n poging ekonomies gereegderyk te maak.

Een voordeel van die ou myne in hierdie gebied is dat hulle nie baie diep is nie en dat baie van die skagte nog in so 'n toestand is dat hulle redelik maklik heropne en hernieu kan word. Dit sal waarskynlik baie goedkoper wees as om byvoorbeeld 'n nuwe skag te sink.

Kennerse hoewel die ertsgrade van die oorblywende reserveres in die myne oor die algemeen baie laag is, kan so 'n projek lewensvatbaar wees indien die goudprys op die huidige vlak van sowat 600 dollars per ons bly.

Daar moet natuurlik ook in gedagte gehou word dat die stellende goudprys die mynhuisse se koffers in so 'n mate gevul het dat hulle op die oomblik genoeg kapitaal het om sulke projekte aan te pak.

Waar daar te laan gewag, sal kostebygins moontlik van so 'n aard wees dat hierdie projekte nooit aangepak kon word nie — seuls al behou die goudprys sy huidige vlak.

Soos Anglo besluit om so 'n projek deur te voer, sal dit beteken dat die ou goudmyne van die sentrale Witwatersrand, die pioniers in Suid-Afrika se goudmynebedryf, weer almal nuwe lewe kry.

Intussen word die lys van ou myne waaraan ernstige aandag gegee word om hulle weer in produksie te bring, al langer.

Tot dusver sluit die lys onder meer myne soos Village Main, Rand Leases, Government Areas, South Roodepoort en Sallies in.

Die lys van groot uitbreidings by bestaande myne groei ook. Die jongste toevloeg tot hierdie lys is Randfontein wat sy besluit aangekondig het dat hy voortgaan met die ontginning van die Cooke No. 3-seksies. Die uitbreidings, wat sowat R200 miljoen gaan kos, sluit onder meer 'n nuwe skag, vergroting van die Cooke-aanleg asook ander uitbreidings aan die infrastruktuur soos huisvesting in.

Die grootste uitbreidings van hierdie soort wat nog vanpaar aangekondig is, is die by Western Deep Levels, wat sowat R715 miljoen sal kos.

— DAAK DE KOCK
Multitape expands production

Multitape, South Africa’s largest reel-label company, is expanding its production capacity by some 25% with the aid of new machinery worth R200 000. This five-colour rotary letterpress can print labels at a speed of 100 metres a minute.

Multitape is the SA subsidiary of the British Norcross company, with an international turnover of £570-million.

Of the six main reel-label printers in the SA, Multitape is by far the largest, with a turnover of R3-million for 1979.

Among its clients are OK Bazaars, Unilever, Pick ‘n Pay, Blue Ribbon Meat, all the main pharmaceutical, food, clothing, chemical, and capital industries, says Dr. Carel de Wet, chairman of Multitape.

Some 1 000-million labels were printed last year, of which 400-million labels (or 95% of SA’s requirement) were for tea bags.

“Multitape has now completed the first stage of its modernisation programme with the installation of the high-speed rotary letterpress – the first in South Africa and one of the first in the world,” explains Dr de Wet.

“By the end of this year we shall have a second super-press.”

The British parent company, Norcross, has been involved in the development of the new machinery, which is manufactured in Japan.

Norcross operates in Australia (where it is market leader), France, Germany, Belgium, Holland and New Zealand.

The Norcross super-letterpress machine should increase Multitape’s turnover by about R3-million within the first 18 months.

Multitape’s turnover is expected to increase by 30% this year.
Botrest seeks urgent aid

By ADAM PAYNE

ANGLO American Corporation and Amax, the principal shareholders in Botswana RST, are having urgent talks with a German bank to alleviate the financial struggle of the Selebi-Phikwe copper-nickel mine.

This was said by an Anglo American Corporation spokesman yesterday following the statement by the Botswana Minister of Mineral Resources, Dr G K Chepe, that the mine is running the risk of closure because of the loan burden.

The spokesman said: "The mine is in a very difficult financial situation. Negotiations are in process with the German bank, Kreditanstalt Fur Wiederaufbau, with a view to delaying loan repayments and it is of great importance to the company that these negotiations are concluded as soon as possible."

Botswana RST's operating company, Bamangwato Concessions, has had a continuing struggle since the mine opened with metallurgical difficulties, smelter problems and mounting capital costs in the face of a fall in copper and nickel prices at the time.

The result was an intolerable loan burden with high interest and principal repayments.

Two months ago the mine completed arrangements for interim finance to counteract the potential adverse effect on BCL of the strike at the Amax refinery in the US which treats the copper-nickel matte exported by BCL.

The arrangements included the provision of funds by Anglo American Corporation and Amax as well as the temporary deferral of principal payments due on loans from the KPW bank, the IDC and Chase Manhattan Bank and the temporary deferral of some interest payments due to Anglo American and Amax.

Since then, the American strike has ended and BCL's matte is again being refined.

Present negotiations with various parties cover a more permanent deferral of royalties to the Botswana Government, senior shareholders' loans and loans from other senior creditors, depending on BCL's cash flow needs over a four-year period ending on December 31, 1983.

Dr Chepe, addressing the Botswana Parliament, said the Selebi-Phikwe mine was in danger of collapse. A collapse would have serious repercussions throughout Botswana since the mine employs 4,000 men and women.

The brighter side of this picture is that with the rise in copper and nickel prices, the mine's operations are more financially rewarding than ever before.

Operating profit of P$ 650,000 was reported for the six months ending June last year. (One pula is worth approximately R1.)

After deduction of interest and fees, there was a loss for the six months of P$ 230,000. The accumulated deficit at June 30 was P$ 768,000.

It can be assumed that operating profit in the six months to December will be higher than that in the previous six months because of better copper and nickel prices.
Fares increase in 1977 doubled Tramways profit

AFTER the last bus fares increase was granted to City Tramways in Cape Town in 1977 their profits doubled from R2.07m to R4.10m, and the National Transport Commission (NTC) should guard against such profits being made out of the present fare increases application.

This was argued by Mr A Chaskalson SC, for 31 of the objectors to the fares at the NTC hearing in Cape Town yesterday.

Other points raised by Mr Chaskalson yesterday afternoon were:

- The fares were based on a replacement devulasaion of the buses which would result in commuters financing the cost of buses 10 years hence which under certain circumstances Tramways might never have to buy.

- The NTC should consider recommending that the Government finance the replacement of buses at a low interest rate.

- Tollgate Holdings, Tramways holding company, was rated as the top performing company in the Top 100 Companies competition.

- A Uitenhage subsidiary of Tollgate Holdings had made an after-tax profit of R360 000 from issued share capital of R5 000.

TURNOVER

Mr Chaskalson pointed out that according to the balance sheets of City Tramways, their turnover increased steadily from 1973 when it was R15.38m to R29.2m in 1976. This included a jump from R23.7m in 1975 to 1976's figure of R29.2m.

Profits during the same period rose from R1.05m in 1975 to R4.19m last year, and they rose from R1.05m in 1975 to R4.19m in 1976.

The partial effect of a fuel price increase totaling 224 percent between January and June 1979.

Referring to the commission's decision to turn down his application for certain information to be brought before them which would clarify Tramways' actual income and their ability to absorb the fuel cost increases, Mr Chaskalson said that it might have shown their ability to maintain their profit position.

SOME INCOME

If they have been able to maintain their profit position since then in spite of increased cost and the same income, if the fares they have applied for are granted, their profits will catapult as they did in 1977.

According to the 1979 balance sheet, the total capital investment in City Tramways (Pty) Ltd was R4.1m which yielded a profit of R4.19m which was a return of 2%.

In the three years from 1977 to 1979, City Tramways had paid dividends to the holding company, Tollgate Holdings (Pty) Ltd, of R2.6m, R2.03m and R3.00m for a total of R7.63m which more than R2m more than the capital invested.

"Where are these vast sums of money invested by shareholders on which they are entitled to a profit referred to by Mr Snitcher? Mr Chaskalson asked. I don't suggest that the shareholders should not receive profit or that the company should run at a loss but they should not make super profits - excessive profits.

SECURE

Their profits should be in line with what other people earn, he said. In mind that they have a secure position, and their investment is not at risk.

"Let us look at the performance of the holding company, Tollgate Holdings.

Between 1975 and 1979, the earnings per share rose from 34.5 cents to 41.0 cents. The dividends rose from 11.5 cents to 20 cents. The net worth of the shares rose from 263 cents to 458 cents.

The dividends nearly doubled, the earnings nearly tripled and the capital growth was considerable.

SUCCESSFUL

Mr Snitcher quoted figures from the Financial Mail to show that profits had increased by over 20 percent for other companies.

In the Business Times last year, Tollgate Holdings were rated 10th. They were the most successful company in the top 100 in that they rose from nowhere to 10th, Mr Chaskalson said.

He quoted from the annual report which said that 65.2 percent of Tollgate's profits came from public transport.

"Where are these vast sums of money invested by shareholders on which they are entitled to a profit referred to by Mr Snitcher? Mr Chaskalson asked. I don't suggest that the shareholders should not receive profit or that the company should run at a loss but they should not make super profits - excessive profits.

SECURE

Their profits should be in line with what other people earn, he said. In mind that they have a secure position, and their investment is not at risk.

"Let us look at the performance of the holding company, Tollgate Holdings.

Between 1975 and 1979, the earnings per share rose from 34.5 cents to 41.0 cents. The dividends rose from 11.5 cents to 20 cents. The net worth of the shares rose from 263 cents to 458 cents.

The dividends nearly doubled, the earnings nearly tripled and the capital growth was considerable.

SUCCESSFUL

Mr Snitcher quoted figures from the Financial Mail to show that profits had increased by over 20 percent for other companies.

In the Business Times last year, Tollgate Holdings were rated 10th. They were the most successful company in the top 100 in that they rose from nowhere to 10th, Mr Chaskalson said.
De Beers lifts final
to 52.5c

By DON ROBERTSON
Mining Editor

BUOYED by an increased and more widespread investment portfolio, De Beers has weathered a tough diamond market and has raised the final dividend for the year to December to 52.5c a share from 45c in 1978 on unchanged earnings of 20c a share.

The final takes the total to 72.5c from 60c previously.

The payout and earnings are better than the market expected, with earnings projections ranging from 18c to 19c a share and the final dividend forecast at 50c.

Attributable profits for the year were R742-million compared with R741-million, before the provision in the past year of R14-million, which represents the cost of admitting migrant workers to the pension fund. They were previously on a separate company allowance scheme.

Earnings from diamonds were down at R831-million from R802-million in spite of almost unchanged revenue from the Central Selling Organisation in 1979.

Income from interest and dividends brought in an increased R312-million compared with R254-million in 1978, which more than covered the dividend payment of about R281-million.

The profit retention for the year is about R413-million, or 115c a share.

In a move to create a wider spread of interests, the book value of investments was increased during the year to R620-million from R418-million. Part of this reflected the 6% increase in the holding in Anglo American and the 2% rise in the holding in Monaco after the restructuring of the Anglo holding in Charter.

In addition, 5% of Consolidated Gold Fields was bought during the year. Subsequently a 25% stake was built up in Gold Mining of which the balance was sold to Anglo.

Reflecting the improvement in market prices, the value of the group's listed and unlisted investments rose to R2,281-million at the year-end from R1,904-million. The market value of listed investments was R1,925-million compared with R1,817-million.

The cash balance, which stood at R1,294-million at the end of 1978, was reduced to R974-million. This was used partly to finance the increase in diamond stocks which rose to R409-million from R256-million and the rise in the book value of listed investments.

Current liabilities were reduced to R557-million from R645-million, long-term loans were increased to R140-million from R132-million, other current assets to R349-million from R294-million, and unlisted investments to R177-million from R280-million.

The need to finance the stock increase suggests that the market went through a fairly bad patch towards the end of the year, although this must have been solely in small stones. In February, the price of larger stones—over one carat—was raised by an average 12%.

At the current price, the shares yield 7.2% on the dividend.
Lamberts surprises with final

By ELIZABETH ROUSE

TIGER'S Ocean fishing companies could not make headway in reduced fishing operations last year, but United Oceans Holdings and Sea Products have held payments and Lamberts Bay Holdings has surprisingly raised its dividend total by 6c.

In spite of a 6c decline in earnings to 71c a share in the year to last December from 78c in 1978, Lamberts has declared an 18c final dividend, which makes total distribution 26c against 27c paid in 1978.

Units annual dividend unchanged at 18c on earnings of 44c a share, down 4c on 1978's 48c, Sea Products managed to lift earnings by 7.8% to 68c from 64c a share on improved rock lobster catches, but the final dividend is the same at 23c, making an unchanged 46c for the year.

Units, which holds 69.2% of Lamberts, which in turn holds 50.7% of Seawas, reports an attributable taxed profit of R1 210 000 (R4 465 000), Lamberts' made R6 077 000 (R6 410 000) and Seawas R2 520 000 (R2 696 000)

The fishing industry voluntarily stopped fishing for pollock at the end of June, which affected cannyer output, reports Mr Abe Shapiro, chairman of Seawas.

The tawny fishing pattern was reasonable for most of the season, but bad weather conditions delayed completion of the United Fishing Enterprises quota towards the end of August last year.

The oil yield was good from the pelagic fish catch and improved rock lobster landings helped to offset reduced earnings in the pelagic sector.

The coming season is hedged with uncertainties and Seawas, as well as Lamberts expect a sharp decline in canned fish production in Namibia.

The opening date and quotas for the 1980 pelagic season have not yet been determined, but it is expected that catching will start around April 7, and that the industry's quotas will be further reduced, says Mr Shapiro.

This means that canned fish will have to be imported for South African consumption and to meet export contracts. In addition, the entire fishmeal and fish oil output will be needed by the domestic market where prices are lower than overseas.

The market in America for frozen rock lobster tails is firm, but catches have been below average because of bad weather and the authorities have increased the size which can be caught.

Mr Rud Prankel, chairman of Units and Lamberts, reports that the South African pelagic fish quota is unchanged, but landings to date have been below those of recent years and it is not possible to predict how the season will progress.

South African coast rock lobster catches were unchanged, and the Unis group has almost completed packing its share of the quota.

The same situation applies to Unis and Seawas operations along the Namibian coast.
Tiger more generous

By ELIZABETH ROUSE

SALES of the Tiger Oats group and its associates in South Africa and Britain climbed by 25.5% to nearly R2 000-million in 1979, a fine achievement in the face of a slight downturn in its fishing companies.

This turnover increase and the lift in consumer spending since the second half of last year and a decline in capital expenditure have prompted the board to be more generous about dividend payments.

The final dividend has been raised to 35c from 33c, lifting total payment to 66c from 58c on a 10% increase in group earnings to 262c a share in the year to last December from 223c in 1978.

Tiger's year-end results are better-than could have been expected at the interim stage when the group had only a small earnings rise of 8.5% because of the static economy.

Second-half earnings rose by over 22%, amounting to 132c a share against 125c earned in the first half and growth at this rate seems likely for the next six months, according to Tiger's chairman, Mr Rudi Frankel.

The pharmaceutical subsidiary, Adecok-Ingram, has proved to be a profitable acquisition and is set to produce good results this year. Thus could offset an expected decline in the fishing companies, which face troubled waters.

More impressive is the advance by Tiger's associates which include the 30% held in Britain, and Motocash and King Food in South Africa. Taking the undistributed profits of the associates into account, the earnings rise to 29c to 221c a share from 232c.

The associates' contribution to earnings is 56c a share, up 45% on 1978's 40c. Attributable earnings of the associates make up 18.1% of group earnings.

Turnover of the associates started to pass that of the Tiger group last year and accounted for 1988-million against Tiger's R1 331-million. Their 1979 growth rate is larger at 33% compared with Tiger's 17.5% because these companies are not hedged by many price restrictions as the basic food producer.

The food industry remains highly competitive and Tiger's margins were down from 4.6% to 4.2%. Group trading profit amounted to R59,884,900 (R55,779,000 in 1978) and attributable taxed profit was R28,851,000 (R24,431,000). Season's profits have been consolidated for the first time and 1978 figures have been adjusted accordingly.

Capital commitments are well down at R95-million, but usually the group ends up spending more than its stated commitments in its continuous plant-updating programme. Mr Frankel says there is some spare capacity in the industry, but that it is fast being absorbed.

Tiger remains a blue chip among food companies, as the dividend yield of 4.6% testifies.
JOHANNESBURG - Anglo American Investment Trust, Anamint has increased its equity earnings by 11.4 percent to R10.9m for the year ending March 31, 1990 from the R12.9m earned in the year to March 31, 1989.

A final dividend of 60 cents a share (previous final 520 cents) has been declared, which with the interim of 230 cents (previous interim 230 cents) makes a total for the year of 860 cents (660 cents).

The company has substantial interest in both De Beers Consolidated mines and the diamond trading companies.

During the year Anamint sold its investment of 350,636 shares in Anglo American Industrial Corporation at a profit of R1.5m.

The proceeds of the sale have been re-invested in De Beers preferred shares. Anamint purchased 2,574,700 De Beers deferred shares during the year to bring its holding in that company to 97.1% of 4,100 deferred shares or 27 percent.

The market value of the company's invested investments amounted to R290m on March 12, 1990 compared with R280m on March 31, 1989.
Amic profit bounds to R85m

By HOWARD PREECE
Financial Editor
ANGLO American Industrial Corporation, Amic, has produced some outstanding results for 1979 with attributable taxed profit up by 83% to R5 530 000 from R2 409 000. The final dividend has been raised from 55c to 70c, to make a total of 105c (80c).

Earnings per share rose from 186.1c to 217.7c.

There are some qualifications, or amplifications, to the results.

Profits were helped by the inclusion of a full year’s earnings from both Mondi Paper and African Products.

The directors also say that two of their wholly owned subsidiaries are uncertain about the prospects of recovering profits from some of their overseas operations and the results of these foreign operations have not been consolidated.

But in relation to total profit performance these are not critical issues.

The rise in pre-tax profit from R84-million to R150-million reflects remarkably strong growth from a group starting from such a high profit base.

Amic, which is an industrial holding company, numbers among its main interests Boart International and Scaw Metals, which, with Mondi, are reckoned to have been the main contributors to profits.

It also has a big stake in Sigma motor group, and judging by the first two months of this year that could prove highly significant in 1980.

The directors say that all the group’s subsidiaries showed substantial profit rises last year.

Investments include holdings in ITA, Highveld, Debencor and McCarthy.

COMMENT: Coming on top of the soaring profit from Angold and the huge absolute profit from De Beers, the Amic figures are yet another reminder, if one were needed, of the vast financial muscle that is on call to Anglo American.

How easy it was financially for Anglo, with De Beers, to snap up effective control of Consolidated Gold Fields.

The Amic share price closed yesterday at 2 200c, up 85% since the beginning of 1979, which basically mirrors the general rise in the industrial market.

The total payout of 105c last year is in line with market expectations, but the earnings of 217.7c a share are better than most forecasts, even after the 76% rise in attributable profit to R5 837 000 at the halfway mark.

Given the sheer size of Amic, the exceptional profit rise should cheer the Johannesburg Stock Exchange generally.

Historically, Amic yields 14.4% on earnings and 4.8% on dividend. There may not be much left for private investors, but the share remains a solid institutional blue chip.
BARCLAYS
Excellent prospects

Activities: SA’s largest banking group
Subsidiaries include Barclays National Ch Top, Barclays Western Bank and
Barclays Insurance Brokers. Barclays International (UK) owns 64% of the
equity of Amajo American/Dek Beers 18%.
Chairman J M Barry, managing di-
tector A R M Aldworth
Capital structure: 53.2m ordinary
shares of R1 Market capitalisation R533.6m
Financial 15 months to December 31
1979 Total assets R8 898m (1978
R6 692m)
Capital and reserves R300m (R252m),
capital surplus R3.7m (R2.6m)
Share market Price 81.5c (1979-80
high, 81.5c, low, 48.5c, trading volume
last quarter, 163,000 shares) Yields
11.4% on earnings, 4.8% on dividend
Cover 2.3, PE ratio 7.8
Total deposits (Rm) 3 169 2 485 2 890 4 690
Total advances (Rm) 2 085 2 109 2 568 2 991
Operating profit (Rm) 500 551 602 989
Operating profit advances and
customer liabilities 12 15 17 16
Taxed return on equity (%) 16.3 16.7 16.4 14.8
Earnings (c) 63.2 63.8 74.8 116.7
Dividend (c) 18 23 30 50
Net asset value (c) 327 398 478 627

1 Annualised
15 months to end-December

In line with a quickening in the economy
and growing consumer demand, the Bar-
cays Bank group reported an annualised
operating profit increase of 31.4% in the
15 months to end-December. This year,
provided the rate of growth in SA con-
tinues, another impressive profit increase
can be expected. In 1979, the payoff for
shareholders was 33.3%, hike in the
annualised dividend payment, up from 20c
to 40c, and it appears certain another
record distribution is on the cards in 1980.
Operating profit for the 15 month period
was R58.9m which annualises to R79.1m
(R58.2m) Taxed return for the period of
116.8c allowed a 30c total dividend to be
paid.

At end-December Barclays had total
assets of R6.8 billion (R5.7 billion), while
share capital and reserves amounted to
R289.8m (R252m). The excess capital in
relation to the Bank’s Act’s requirement
was R29.7m (R28.6m), giving plenty of
room for additional advances. But despite
this excess capital position Barclays re-
ceived a return on capital employed of
16.7% (14.6%) on an annualised basis.
Last year was marked by favourable
lending conditions and a general upswing
in the economy leading to continuing high
demand for consumer credit and growing
finance exchange. Exchange earnings were
adversely affected initially by the De Kock
Commission recommendations on foreign
transactions, but subsequently returned to
satisfactory levels.

While all divisions contributed to the
increase, the star performer was Barclays
Merchant Bank’s tax earnings rose 76.8% to
R5.1m (R2.9m) on an annualised basis,
and it paid R4.1m (R540 000) in dividends
to the holding company. The commercial
bank earned R48.3m in the 15 months,
or an annualised 47.7% increase to
R38.6m (R26.7m), including R5.1m
(R4m annualised) in dividends to sub-
ordinated. At the operating profit level, the
bank contributed 69.4% (71.5%) to the
group total.

Barclays Wesbank, which performed so
well in 1978 with an operating profit of
R12.7m (R8.5m), continued to progress
strongly with an annualised 31.1% in
taxed profit to R9.4m (R7.2m) and a return on equity of 24.5%. From the

December quarterly returns of banks
(HA9) it can be seen that Wesbank recorded
a 13% increase in HP business, an 8.9%
increase in loans and enjoyed a 7.5%
market share.

The reasons for BMB’s sharp increase
in profit were, to a large extent, a result of
phased down its emphasis on tax-based leases
and the number of corporate restructurings
it handled for clients. During the account-
ing period, substantial revaluations of ex-
isting advances exceeded the ‘modest’
demand from industry for medium-term
finance, resulting in a lower level of
advances at end-December. However, ac-
ceptance credit facilities were at a higher
level, but competition was intense. BMB’s
28.3% return on equity was the highest in
the industry.

Commercial banking was affected by
intense competition, exacerbated by the
fact that corporate borrowers tend to
provide front-end financing themselves
and then draw down a bank loan over
relatively long periods. Thus the capital
spending boom has not having an immediate
impact on bank profits.

The foreign exchange division had to
reduce the spread between buying and
selling rates after the De Kock Commis-
sion’s recommendation in order to
hold market share. However, the market
stabilised and wider spreads have since been
reinstated.

The Barclaycard division had another
good year. It now has over 450 000
customers and more than 40 000 shopping
outlets. Turnover on an annualised basis rose
82.7% to R425m (R233m)

This year another increase in profit and
dividends is expected. Consumer spending
is on the increase and durable purchases
should keep banks busy. The market has
pushed the share 77% higher to R81c
in the past year, where it yields an historic
4.9%. Near-term, the industrial market
looks uncertain as buying opportunities
may improve, but the share rates may be on
a medium term view.

FALCON’S YIELD

In the FM of January 25, non-resi-
dents’ shareholders tax was deducted from
the Falcon dividend to calculate the
equity due to local investors. In fact,
being London registered, Falcon pays
branch profits tax and thus does not
deduct NHST from dividends. This
meant the yield was 8.8% not 6.6%
as stated.

1097
Barlows into computers

By BILL CAIN

Barlow Rand is going into computers. Electronics division executive director Derek Cooper tells the company has bought a 51% stake in Perseus following "quick and easy" negotiations.

He adds that the deal gives Barlows — the country's largest industrial group with a turnover of R2.56 billion last year — a supplier complementary to many of its present products.

"Just about every industry we are in is now computer controlled. In future we'll have the products and expertise we've so far had to buy outside," says Cooper.

Dr Louis Raubenheimer, chairman of 11-year-old Perseus, says a key reason for selling control to Barlows is the need for strong backing and cash flow to maintain the company's phenomenal growth.

He adds: "With a R15-million annual turnover we've reached the stage where we're not small and not large. We've averaged 100% annual growth since we started, and last year's turnover was 150% up on 1978. It's getting difficult to keep it up on our own.

"We will grow at 50% to 100% a year with Barlows behind us.

Perseus's management and work-force remains intact and the company will remain autonomous under the Barlow umbrella.

Both Mr Cooper and Dr Raubenheimer refuse to reveal the price of the 51% holding, except that it is "several million rands", and declines to discuss Perseus's future plans.

The bulk of the computer company's revenue comes from the sale of imported hardware.

Raubenheimer says both operations are profitable with an aggregate net return of around R3 million.

Mr Cooper says Barlow Rand has long realised the need for more computers in a wide range of applications.

He adds: "In addition to complementing the capabilities of our electronics division, Perseus allows us to have within our organisation the ability to meet almost every type of computer system need."

Dr Raubenheimer says the Barlow's link "allows us to tackle larger projects."
Unicorp is urged to accept bid by Genmin

IN A recommendation which openly contradicts the view of many British analysts, W Greenwell & Co, a major London stock broking firm, is urging Union Corporation shareholders to accept the 80 General Mining shares being offered to them in exchange for every 100 Unicorp shares which they hold.

Principal basis for this recommendation is the opportunity for Unicorp shareholders to participate in Genmin's northern Transvaal fuel/coal project, which the firm considers has "exciting potential".

Greenwell views the northern Transvaal project in a light that suggests the possibility that General Mining will become an energy stock by the second half of the 1980s.

It adds: "A close to the confidence that General Mining has in this project, even at this early stage of investigation, is the recent enlargement of its controlling stake in Trek Petroleum. If you are going to produce fuel, then it is a sensible idea to control its distribution and have some say in the retail price."

"By the end of the 1980s, Opencast will still be in control of the price of the world's most commonly used energy source."

"In our opinion, the price of oil and gas and petroleum derivatives, for example, naphtha (feedstock for the chemical and plastics industries) will be considerably higher in relative terms."

"It is not inconceivable that naphtha derived from coal will be a cheaper alternative than naphtha derived from other sources, so with their coal areas and proven technology, South Africa could become a major supplier of liquid petroleum products to world industry."

Other reasons given by the firm for acceptance of the Genmin offer are:

- The combined group, with its strong asset backing, will be in a better position for the financing of new projects, thus ensuring continued growth.
- Rationalisation of human resources will mean that trained personnel can be utilised elsewhere, thereby strengthening the group and easing a potential brake on expansion.
- It is only in gold and uranium that the two groups overlap. Their remaining interests are complementary and the combined group becomes "exceedingly well spread."

Accordingly, while a Unicorp shareholder surrenders a small amount of income from the precious metals sector, he gains from coal, asbestos, fluorine and heavy industries, which is going to do very well in the expanding South African economy.

- Ignoring price changes, the next increase in earnings that a Unicorp shareholder can expect will come from Unzel in 1989 and Bensa in 1983.

For Genmin, two new collieries (Mutla and Emnako) reach full production before June 1981 with a 5-million ton a year coal export quota to be filled and the new heavy industry gear box and axle projects will be contributing earnings before 1983.

On acceptance, a Unicorp shareholder will share in this earnings growth.

- The holder of 100 Unicorp shares could have been 16% better off had he the completed scheme for the expansion of Genmin taken place a year ago.

BY JOHN SPIRA
Family firms lagging in performance

By STEPHEN ORPEN

Family businesses listed on the Johannesburg Stock Exchange have tended to lag behind the performance of professionally-managed companies with a wider spread of ownership.

This is especially evident where the family businesses are in a single line of activity, and need to launch themselves out of the "pioneer" stage to sustain and improve their performance.

Such businesses tend to suffer from a "lack of specialised functional skills (as in finance, marketing and production), from a lack of succession in management and generally from a paucity of the skills necessary to successfully integrate a growing, diverse and divisionalised set of operations".

These are among the key findings of a new study by Robin Mackintosh, senior lecturer at the Graduate School of Business of the University of Cape Town.

The study builds on previous research into the performance of various types of company listed on the JSE by Dr G S Andrews.

Andrews' research showed that more-ちらous companies, and especially conglomerates, as he defined them, tended to out-perform more narrowly-focused businesses. But his work did not separate out family businesses.

The new study identifies some 167 JSE-listed companies which could be called family businesses, compared with some 150 in 1971, and examines the performance of the shares of samples of these companies relative to the performance of other listed companies' shares in 1977.

The performance of the family businesses is further compared according to their structure and stage of development — from "single business", "dominant business", through "related business" to "unrelated business" categories.

Sub-divisions include those for companies that are vertically structured, "constrained", "linked", "single", "pavane" or "conglomerate".

The test determining whether a company is a family one included both a controlling interest in the hands of the family and the presence of at least two active family members on the board.

Two additional companies — Anglo American Corp and the Rembrandt group — were included in the family category for special reasons.

Companies whose share performance was superior to that of the industrial share market as a whole (measured by the RDM 100 index) were expected to show "proportionately greater increases in share price or a smaller drop in bear market".

Some 72% of the sample of 51 family-held companies were in the single or dominant business categories — about the same as for all listed industrials.

But 5% of the family businesses were in the "single business" category compared with only 3% of the more than 250 listed companies studied by Andrews.

The findings include:

- Single-business family companies out-performed the market only 36% of the time in 1973-77 and under-performed 54% of the time.
- Dominant-business family companies were better only 30% of the time and worse only 36%.
- Single-family or dominant-unrelated family companies were better 50% of the time and worse only 31%.
- So-called "unrelated-passive" family companies (or unrelated businesses) in a passive way in terms of management) proved "manifestly unsuccessful" as a group, performing above average only 23% of the time and worse 66%.
- Family companies that have "taken small steps" towards diversification have generally been successful.

By contrast, those with strongly diversified strategies, related and unrelated in terms of type of business, have been the most successful.
FRANZ ALBRECHT
DIE nywerheid- en mynboureus Barlows Rand het vandee week sy belange na die kom-
perbedryf, uitgebrei. Vir ‘n elke miljoene rande het hy ‘n stande-
van 51 persent in die eiljaar oor Perseus/Perseus-groep gekoop.

Barlows spoedtans met ‘n onseis van R15 miljoen per
jaar, en die verwagting is dat dit met 50 persent na
R225 miljoen in 1980 sal styg. Die groep bied om-
vattende rekeningdienste en verkoop rekenaars en
toerusting.

Die hoofbedryfsmaats-
skappy van die groep is
Perseus-Rekendienste en
Outomatisasie met sy
hoofkantoor in Pretoria,
ën hierdie maatskappy het die beherende belang
in Perseus. ‘n Ander
maatskappy wat onlangs
gestig is, heet Computer
Aided Design.

"n Uitvoerende direk-
teur van Barlows, mr.
Derek Cooper, sal tesame
met nog een of twee per-
sone van Barlows tot die
raad van Perseus toetoe.

"Die verkryging van
hierdie vername belange
in die rekenaarsbedryf
moet gesien word teen die
agtergrond dat Barlows
terdeel bewus is van die
groep se toenemende be-
hoeveelheid aan rekenaars in ‘n
wyse reeks van toepas-
sings" het mr Cooper
aan Sake-Rapport gesê.

Perseus — ‘n ten volle
Suid-Afrikaanse maats-
skappy — het indrukwek-
kende groei sedert sy
bestaan in 1969. Dit is
bekend met sy omvattende
produktiewe fastival en
bevattend in die rekenaarsbedryf.

"Dit sal Barlows die
vermoë gee om binne sy eie
organisasie feitlik enige
rekenaarsstelselsbehoefte
tevredend te bevredig."

Die Perseus-groep sal
ook grootliks baat vind
deur die verkryging van ‘n
vennoot soos Barlows. In
die verledie is groot in
sonmige gebiede — veral
wanneer dit by groot reke-
naarsstelsels, -installasies
en -dienste gekom het —
verhinder deurdat Per-
seus nie die finansiële
spierkrug van die multi-
nasionale rekenaartoga-
risasies in Suid-Afrika
kon ewenaar nie.

Soos die voorsitter van
Perseus, dr Louis Ra-
benheimer, dit stel: "Ten
einde ons vunige groei te
handhaaf, het ons gevoel
dat ‘n finansiële sterk
vennoot belangrik is. Dit
sal ons nou in staat stel
om nie met die huidige
geleenthede te benut nie,
maar om ook groter pro-
jekte te onderneem."

Hoewel Perseus reeds
honderd voorwaantende
klante bedien, sal die ver-
wantskap met Barlows dit
in staat stel om sy sake
met sy huidige klante,
soek met nuwe, meer uit
te bren.

Perseus se bestuur by
almal aan in hul huidige
hoedagheid. Met die
rugsteuning van Barlows
can die maatskappy ook
nu afgroei din deur
oomname of ontwikkeling
van specialisties
maatskappe wat die hui-
dige organisasie sal
aantal.

FRANZ ALBRECHT
DIE nywerheid- en
mynboureus Barlows
Rand het vandee week
sy belange na die kom-
perbedryf, uitgebrei. Vir
‘n elke miljoene
rande het hy ‘n stande-
van 51 persent in die
eiljaar oor Perseus/Perseus-
groep gekoop.

Barlows spoedtans met ‘n
onseis van R15 miljoen per
jaar, en die verwagting is
dat dit met 50 persent na
R225 miljoen in 1980 sal
styg. Die groep bied
omvattende rekening-
dienste en verkop
rekenaars en
toerusting.

Die hoofbedryfsmaat-
skappy van die groep is
Perseus-Rekendienste en
Outomatisasie met sy
hoofkantoor in Pretoria,
ën hierdie maatskappy
het die beherende belang
in Perseus. ‘n Ander
maatskappy wat onlangs
gestig is, heet Computer
Aided Design.

"n Uitvoerende direk-
teur van Barlows, mr.
Derek Cooper, sal tesame
met nog een of twee per-
sone van Barlows tot die
raad van Perseus toetoe.

"Die verkryging van
hierdie vername belange
in die rekenaarsbedryf
moet gesien word teen die
agtergrond dat Barlows
terdeel bewus is van die
groep se toenemende be-
hoeveelheid aan rekenaars in ‘n
wyse reeks van toepas-
sings" het mr Cooper
aan Sake-Rapport gesê.

Perseus — ‘n ten volle
Suid-Afrikaanse maats-
skappy — het indrukwek-
kende groei sedert sy
bestaan in 1969. Dit is
bekend met sy omvattende
produktiewe fastival en
bevattend in die rekenaarsbedryf.

"Dit sal Barlows die
vermoë gee om binne sy eie
organisasie feitlik enige
rekenaarsstelselsbehoefte
tevredend te bevredig."

Die Perseus-groep sal
ook grootliks baat vind
deur die verkryging van ‘n
vennoot soos Barlows. In
die verledie is groot in
sonmige gebiede — veral
wanneer dit by groot reke-
naarsstelsels, -installasies
en -dienste gekom het —
verhinder deurdat Per-
seus nie die finansiële
spierkrug van die multi-
nasionale rekenaartoga-
risasies in Suid-Afrika
kon ewenaar nie.

Soos die voorsitter van
Perseus, dr Louis Ra-
benheimer, dit stel: "Ten
einde ons vunige groei te
handhaaf, het ons gevoel
dat ‘n finansiële sterk
vennoot belangrik is. Dit
sal ons nou in staat stel
om nie met die huidige
geleenthede te benut nie,
maar om ook groter pro-
jekte te onderneem."

Hoewel Perseus reeds
honderd voorwaantende
klante bedien, sal die ver-
wantskap met Barlows dit
in staat stel om sy sake
met sy huidige klante,
soek met nuwe, meer uit
te bren.

Perseus se bestuur by
almal aan in hul huidige
hoedagheid. Met die
rugsteuning van Barlows
can die maatskappy ook
nu afgroei din deur
oomname of ontwikkeling
van specialisties
maatskappe wat die hui-
dige organisasie sal
aantal.
Glimmer of hope in IBM ‘monopoly’ case

From WALTER PFAEFFLE in New York

NEW YORK: For more than a decade, the American Government has been involved in a legal fight to pry open International Business Machines Corporation’s grip on the world computer market.

The Government’s 11-year-old suit charging the giant company with monopolising the market is being argued in a New York Federal Court, where the trial began some five years ago.

Ever since discussions for an out-of-court settlement started last October, both sides have stressed that a procedural agreement would be a necessary precondition for serious negotiations to resolve the monopoly case.

IBM controls more than half of the world’s computer market with annual sales of more than $2 billion dollars.

'This week brought a glimpse of hope with the disclosure by U.S. Attorney General Benjamin Civiletti, that his staff and IBM had reached an accord on procedures for exploring the substance of settlement issues.'

Despite the tentative agreement, details of which weren’t spelled out, the two sides still appear to be far apart on substantive issues.

The key issue remains the Justice Department’s contention that the computer concern must divest itself of some operations— a demand that IBM strongly opposes.

'At one point this week,' the Justice Department’s chief official for anti-trust questions, Sanford Litvak, said he wouldn’t rule out the possibility of a settlement, provided something less than the divestiture goal the Government is seeking.

Later, however, in a clarifying statement, Mr. Litvak said, "We aren't going to settle for anything less than a divestiture," he added that nothing had changed from the Government’s longstanding position that a breakup was necessary.
AFRIKANER power in mining finance has grown and is continuing to increase. But the Afrikaner and the English-speaking houses have developed a community of interests which has been reflected in the shift, however limited, towards more liberal attitudes in the Government.

That community of interests became noticeable when Mr Harry Oppenheimer snapped up 25 percent of Consolidated Gold Fields of London for his Anglo American Corporation De Beers Consolidated Mines group of companies.

True, he was reasserting the dominance of his groups among the mining finance houses and undoubtedly he aimed to keep General Mining, the Afrikaner house, away from Gold Fields of South Africa. 49 percent of Consolidated Gold Fields. But significantly this display of English and Afrikaner unity does not appear to have injured Afrikaner susceptibilities, as it would have done 20 years ago.

Magnates

Until the mid 1960s, "the mining houses were thepreserve of the successors to the English and Jewish magnates who built the first gold mines near Johannesburg in the 1880s and 1890s," writes Barnato, Cecil Rhodes, Solly and "Woolf Joel the Allo brothers," and so on. The cartoonists portrayed the mining magnate as a type unique in South Africa. Mr Harry Oppenheimer, Sir and his son Harry Beer a hook-nosed cigar-smoker.

The new power of Afrikaner business

AFRIKANER power in mining finance has grown and is continuing to increase. But the Afrikaner and the English-speaking houses have developed a community of interests which has been reflected in the shift, however limited, towards more liberal attitudes in the Government.

That community of interests became noticeable when Mr Harry Oppenheimer snapped up 25 percent of Consolidated Gold Fields of London for his Anglo American Corporation De Beers Consolidated Mines group of companies.

True, he was reasserting the dominance of his groups among the mining finance houses and undoubtedly he aimed to keep General Mining, the Afrikaner house, away from Gold Fields of South Africa. 49 percent of Consolidated Gold Fields. But significantly this display of English and Afrikaner unity does not appear to have injured Afrikaner susceptibilities, as it would have done 20 years ago.

Magnates

Until the mid 1960s, "the mining houses were the preserve of the successors to the English and Jewish magnates who built the first gold mines near Johannesburg in the 1880s and 1890s," writes Barnato, Cecil Rhodes, Solly and "Woolf Joel the Allo brothers," and so on. The cartoonists portrayed the mining magnate as a type unique in South Africa. Mr Harry Oppenheimer, Sir and his son Harry Beer a hook-nosed cigar-smoker.
Nampak gets 51% of Prem Paper

By Jean Moon

With some help from African Finance Corporation (AFC), Nampak now holds a 51 percent stake of Prem Paper.

To gain control, Nampak bid for $34 000 shares of Prem at 85c (51 percent) and received acceptances totalling 704 000 (43.1 percent).

A further 84 600 shares were tendered and all tenders have been accepted.

Nampak also made a bid for 51 percent of Prem's 110 percent preference to ensure that it retained control after the conversion.

Out of a total of 1.6m of these preference shares in issue acceptances totalling 685 000 was received. A further 264 000 were tendered and accepted by Nampak, bringing the holding of the preference to 61 percent.

Once the conversion has taken place in June 1982, or June 1983, Nampak's holding will increase from 51 percent to 53 percent.
Field ending the Rhodesian link?

By ELIZABETH ROUSE

FIELD Industries Africa may be contemplating the sale of its Rhodesian operations, judging by the separation of its year-end dividend into South African and Rhodesian components.

The group has been diversifying its South African operations as fast as possible in the past year, obviously with the view to offset developments on the Rhodesian side.

The share was suspended on the Johannesburg Stock Exchange yesterday pending a "proposa] concerning its investment in its wholly-owned Rhodesian subsidiary, Field Industries".

The year-end results are separated into South African and Rhodesian components and the proposed dividend will consist of 3.7c from the Rhodesian dividend and 2.5c from South African profits, making an unchanged 6c.

Sales are higher in South Africa than in Rhodesia but tax profit return is higher in Rhodesia as initial costs of development and launching of the Weld range of automotive and industrial rubber products had a negative effect on South African earnings.

South African tax profit for the year to last December is R999 000 on a turnover of R10 399 000 against a tax profit of R459 000 on sales of R11 129 000 in 1975.

The Rhodesian subsidiary's tax profit amounts to R897 000 on sales of R5 659 000 compared with R1 052 000 on sales of R5 659 000 in 1975.

"The South African tax rate is low at the moment because of plant investment allowances."
Amcoal to examine possibility of methanol from coal

By ADAM PAYNE

JOHANNESBURG. — Amcoal, Anglo American Corporation's coal holding and managing company, looks forward to a successful year in 1980, with major capital projects being considered in building up for higher exports.

This is said by the chairman, Mr W G Bousted, in his annual review. He adds that Amcoal, in co-operation with major South African interests, will be examining the possibility of manufacturing methanol from coal and it welcomes the government's encouragement of developments in this process.

Hiqhtlights from Mr Bousted's review are:

- Both the coal mining division and the industrial division, Vereeniging Refractories, of Amcoal, expect growth in turnover during 1979.
- The rapidly-escalating prices of oil and realisation of the potential profitability of oil-producing regions has resulted in coal being substituted for oil on a wide scale, together with plans to build new coal-burning capacity.
- The new investment opportunities made available by the group's participation in the Richards Bay phase 3 export programme — up to 44 million tons a year — and the detailed planning of the New Denmark and New Vasi Collieries to supply Escom will ensure a growth in Amcoal's earnings in the future.

Additional options over 13,000 ha were acquired and it is expected that the target of Anglo American Corporation and its associates in this programme of securing more than 4,000 million run-of-mine tons of proven coal reserves in consolidated coal fields will be met by the end of 1982.

This year, it is expected that coal rights to a further 500 million tons will be bought. These reserves are calculated on 1975 methods of mining and would be greatly increased with present and planned mining methods.

New schemes to further increase Amcoal's ability to supply coal competitively on a wide geographical basis are being considered, and the strategic siting of reserves will be introduced in 1980.

Other points from the review are:
- At the end of the year Amcoal's collieries had capital spending programmes estimated at R291 million in 1979 money compared with R124 million at the end of 1978.
- Escom and Amcoal have agreed that Amcoal will now fund the entire capital cost of completing Kriel colliery, estimated at R101 million. Amcoal will thus invest a further R28 million in the colliery in 1980.
- Anglo's exporting collieries railed 6,702,000 tons of steaming and metallurgical coal to Richards Bay in 1979. Klinkopje export colliery will produce steam coal at a rate of 2,500,000 tons a year in the first stage of its development compared with the original planned 2,200,000 tons.
- Although steaming coal export prices have improved, it is clear that further real advances in pricing will be necessary to enable new mines to be brought into production worldwide to meet the increasing demand for internationally-traded steam coal.
- Amcoal remains confident that its participation in the phase 3 export programme will make a valuable contribution to its future earnings.

Japan to announce anti-inflation package

TOKYO — Prime Minister Masayoshi Ohira said the government will introduce a package of price-cutting measures within 10 days to combat inflation.

Mr Ohira also told the upper house of Parliament that the government will do its best to restrict a rise in the consumer price index in fiscal 1981 starting next month on its 6.4 percent target. He did not give any indications of measures that may be introduced.

Exports slash deficit

TOKYO — A big increase in Japanese exports sharply reduced this country's world trade deficit in February from the previous month, the Finance Ministry said yesterday.

The value of Japanese exports last month rose by 23 percent over the corresponding month of last year, the biggest year-on-year increase in 17 months, it said. However, February imports, boosted by higher crude oil and other fuel prices showed a 49 percent increase.

Mr John Allison has been appointed chief executive of the hearings and services division of Hubert Davies Engineering Supply Co, a Blue Circle company.

Mr A J Badenhorst, left, of Han Engineering, has been appointed a director of the mechanical and electrical, for Mr appointed an alternative di

Mr Ken Mount has been appointed managing director of Lectroline (Pty) Ltd, a company in the Saficon group. He succeeds Mr Herbert Muller who becomes deputy chairman.

Mr Pret Vuyer has been appointed managing director of National E
Genmin-Unicor merger decision today

By ADAM PAYNE

Johannesburg. — General Mining and Union Corporation shareholders will decide at meetings today whether to accept the merger proposals made by General Mining. If accepted, the resulting combined mining house will be second only to Anglo American Corporation in size.

Union Corporation minority shareholders will be asked to accept or reject the proposals for a merger.

General Mining shareholders will be asked to approve a rights issue to raise R120 million to finance expansion programmes now being considered by Gemco.

An in-depth evaluation of the proposals by one of Johannesburg's leading stockbrokers says that Union Corporation shareholders will benefit considerably by the merging of the two groups. They recommend acceptance of the Gemco offer.

The report says, "The final merging of these groups not only provides a wider spread of interest, both actual and potential, but also appears to be essential if future capital commitments are to be adequately funded."

With mining into account the value of General Mining's Northern Transvaal coalfield, which is considered of great future potential, the report says the merger is much needed to give the muscle for future ventures.

Without the individual groups could not embark on these ventures when it is realized that its twin-shift system for Western Deep Levels will cost R750 million in today's money and expansion of Sappi will cost 1500-million.

Summing up future capital needs, the three analysts who compiled the report say "To cover the cost of the Beitmar and Bessa mines, the coal processing projects and probably certain other gold mines, we arrive at a potential capital commitment over the next five years of about R3 000-million."

"This is one and a half times the present combined market capitalization of the two companies."

"There is thus considerable logic in establishing an asset base capable of bringing such projects to fruition."

The analysts estimate dividends from Union Corporation, as a separate company, at 5c this year, compared with 6c last year, 12c in 1981 and 14c in 1982.

After a merger they estimate the dividends at 12c this year, 15c in 1981 and 18c in 1982.

The Union Corporation shareholders will thus receive higher income after the merger. A General Mining shareholder's dividends, without the merger, are estimated at 15c this year, 18c in 1981 and 25c in 1982.

Thus, the General Mining shareholder sacrifices income in the short term as a result of the dilution of equity.

His only consolation in the short run is the rights offer which does not fully compensate for the decline in income and net asset value.

At a price of R450, Genmin is on a prospective dividend yield ex-offer of 7.1 percent.

Indices

Coal: 1041
Diamonds: 1803.6 Wel 386.6 Eversand: 279.4 Kloostrop: 6003.3 Free State: 455.6 West Win: 645.5
Gold: 425.6 Copper: 196.1 Manganese: 511.3 Platinum: 3805.1 Tn: 338.8 Other: 150.6
Metals: 213.8 Mining Houses: 529.5 Mining: 303.3 Banks & Pns: 672.0 Industrial: 1658 Investment Trusts: 1061 Property: 95.8 Ind: 778.5 Breweries: 8.7 Hotels: 55.1 Building & Cos: 328.1
Transport: 1270 Food: 3987.3 Furniture: 164.7 Motor: 274.2 Paper & Printing: 641.7 Pharmaceut: 1045
Publishing: 373.9 Steel: 314.4 Tobacco: 122.9
Industrial: 453.8
Cash in on boom

Anglo-Alpha will

By Don Robertson

---

1. 10628m 1
   1. 13945m 1
   1. 130539m 1
   1. 137706m 1
   1. 117171m 1
   1. 155871m 1
   1. 152062m 1
   1. 14647m 1
   1. 121439m 1
   1. 133448m 1

---

Mr. Leonard, the company's chairman, said that the company expects to see a strong demand for its products in the coming year. He added that the company has invested heavily in new equipment and facilities to meet the anticipated demand.

---

The company's profits for the year ending December 31, 1989, are expected to be up significantly from the previous year. This is due to a combination of increased sales and improved cost control.

---

The company's management is confident that it can meet the challenges of the future and continue to grow and prosper.
Syfrets buys control of Thibault Trust

By PAUL DOLD
Financial Editor

IN one of the biggest take-overs in the trust company field in years, Syfrets has bought control of the Thibault Trust group which has had a large slice of the city's trust, property and liquidation business

Significantly Thibault Trust's Mr David Penne who played a leading role in the expansion of the group's insolvency business and who recently handled many leading liquidations including Half Price Stores will be moving to Syfrets as head of the latter's division.

The price Syfrets paid for control has not been disclosed but the deal represents a considerale growth in strategic operations.

The take-over includes a substantial stake in the Permanent Trust property administration company. Permanent Trust is one of Cape Town's major property administrators which will continue to operate as an independent company under the managing director Mr Joe Abel.

The company was founded some 75 years ago as a real estate operation owned and run by the Kaplan family. In 1958 it moved into property administration as well and was taken over by Thibault Trust in 1972.

In 1977 it merged its interests with Turvey's Trust and Maritime Estates and Mr Abel became managing director in 1979.

The official announcement

Negotiations have been concluded whereby the Syfrets Group (Syfrets) has acquired control of the Thibault Trust group of companies which includes a major stake in Permanent Trust Association (PTA) Ltd (Permanent Trust).

Mr Rael Gordon, having indicated in December last year his intention to return to the auditing profession will be leaving Syfrets on June 1 this year.

Mr I. Master of Thibault Trust group will also be retiring later this year and Mr David Penne of Thibault Trust group will head Syfrets insolvency division in the Western Cape.

Permanent Trust will continue to operate independently under its existing management headed by Mr Joe Abel.

The property brokerage activities of Permanent Trust will henceforth be carried on by another company, Permanent Trust Association Sales (PTY) Ltd, which will be managed by Mr Michael Langer and wholly independently owned.
Mining merger approved

20/3/88 by D. Robertson

Johannesburg — Shareholders of Union Corporation, at a series of meetings here yesterday, cast a big vote in favour of the merger of their company's operations with those of General Mining.

The merger will create South Africa's second largest mining house, with assets of R2.7 billion. Formal completion of the deal now requires only Supreme Court approval. This will be dealt with on March 27.

At a meeting of 1,860 shareholders voting casting 145,748 votes in favour of the merger, 39.7% voted against the deal.

Unit two shareholders at the meeting queried the deal with one suggesting that the terms of the offer — 80 General Mining shares for 100 Union Corporation shares — be improved.

At the following general meeting four special resolutions and one ordinary resolution giving effect to the scheme were passed unanimously.

At a General Meeting attended by shareholders, it was announced that the merger has been approved by General Mining of all the shares in Union Corporation not already held.

General Mining shareholders also agreed to allow the Union Mining shareholders to transfer their shares through a named bank, in its shares at R35 a share.

---

Unit trusts

<table>
<thead>
<tr>
<th>Name</th>
<th>Market Value (000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SA Growth</td>
<td>319.90</td>
</tr>
<tr>
<td>National Growth 1985</td>
<td>150.77</td>
</tr>
<tr>
<td>SA Trust</td>
<td>141.22</td>
</tr>
<tr>
<td>Old Mutual</td>
<td>312.20</td>
</tr>
<tr>
<td>UAL</td>
<td>320.21</td>
</tr>
<tr>
<td>Santam 100</td>
<td>307.05</td>
</tr>
<tr>
<td>Standard</td>
<td>267.52</td>
</tr>
<tr>
<td>Standard</td>
<td>269.91</td>
</tr>
</tbody>
</table>

---

ECONOMICS III

---

L. T. O. 10/3/88

---

Department of Economics

---

Chief Execuitive Officer

---

The Principal
Why Unicorp needs Genmin

By ADAM PAYNE

GENERAL MINING and Union Corporation shareholders will decide at meetings today whether to accept the merger proposals made by General Mining. If accepted the resulting combined mining house will be second only to Anglo American Corporation in size.

Union Corporation minority shareholders will be asked to accept the proposals for a merger.

General Mining shareholders will be asked to approve a rights issue to raise R100 million to finance expansion programmes now being considered by Genmin.

An eye-of-poll evaluation of the proposals by a Johannesburg stockbrokers says that Union Corporation shareholders will benefit considerably by the merging of the two groups. They recommend acceptance of the Genmin offer.

The report says, "The final merging of these groups not only provides a wider spread of interests, both actual and potential, but would also appear to be essential if future capital commitments are to be adequately funded."

Without taking into account the value of General Mining's Northern Transvaal coalfield, which it considers of great future potential, the report says the merger is much needed to give the muscle for future ventures.

Without the individual could not embark on these ventures when it is realized that a twin shaft system for Western Deep Levels will cost R750 million in today's money and expansion of Sappi will cost R500 million.

Summing up future capital needs the three analysts who compiled the report say, "To cover the cost of the Beatrix and Belva mines, the coal-processing project and probability certain other coal mines, we arrive at a potential capital commitment over the next five years of about R3,000 million."

"This is 1 1/2 times the present combined market capitalization of the two companies. There is thus considerable logic in establishing an asset base capable of bringing such projects to fruition."

The analysts estimate dividends from Union Corporation as a separate company at 8c this year, compared with 62c last year, 10c in 1981, and 15c in 1982.

After a merger they estimate the dividends at 12c this year, 15c in 1981, and 15c in 1982.

The Union Corporation shareholder will thus receive higher income after the merger.

A General Mining sharehold-
Unicorp deal through

By DON ROBERTSON
Minning Editor

SHAREHOLDERS of Union Corporation at a series of meetings in Johannesburg yesterday, cast a big vote in favour of the merger of their company's operations with those of General Mining.

The merger will create South Africa's second-biggest mining house with assets of R2.7 billion.

Formal completion of the deal requires only Supreme Court approval. This will be dealt with on March 22.

At a meeting of scheme members, 1,500 shareholders voted, casting 14,337,748 votes in favour of the merger. Only 301,265 votes were registered against the deal.

Only two shareholders at the meeting questioned the deal, with one suggesting that the terms of the offer -- 80 General Mining shares for 100 Union Corp shares -- be improved.

At the following general meeting, four special resolutions and one ordinary resolution giving effect to the scheme were passed unanimously.

At a General Mining meeting, shareholders voted unanimously in favour of the acquisition by General Mining of all the shares in Union Corp not already held. General Mining shareholders also approved plans to inject R189-million cash into their company through a 30-for-100 rights issue at R15 a share.
Modesty key to Natal coal mines

JOHANNESBURG. — Vryheid Coronation, in the Anglo American stable, expects earnings in the current financial year to be similar to the R5 651 000 earned in 1978, the directors say in their report for the year to December.

Production of coking coal is expected to be marginally lower but demand is forecast to continue at the improved level experienced towards the end of last year.

This will result in a decline in coking coal available for Iscor. Reserves of saleable coking coal are estimated at 6 900 000 tons and it mining continues at the current rate they will be exhausted in about 10 years.

However, an agreement has been reached with Emuati Colliery to exploit the remaining reserves on its property, about 40 km from Vryheid.

Drilling is in progress to establish the extent of these reserves and until the results are available it is not possible to estimate what they mean to the life of Vryheid.

However, it is hoped that the life will be extended by two to three years. Natal Anthracite expects only a modest increase in profits in the current year. Production is expected to be maintained at about last year’s level and no difficulty is seen in marketing the product.

Although most export contracts for 1980 show stairsteps, price increases, a disappointing price was obtained for low ash dust, which constitutes 19 percent of group sales tonnage.

In addition, carry-over contracts from last year will weaken the effects of the price increase on the annual result.

Domestic household consumption is expected to decline but industrial demand should increase for high quality anthracite, say the directors.

Zunguza is looking for improved earnings in the current year in spite of an expected decline in sales to Iscor to 360 000 tons from 399 000 tons in 1979. The coal supply agreement with Iscor ended in June last year, but Iscor has purchased coal from the mine since then and will continue to do so until a new agreement is reached.

Negotiations are well advanced and a reassessment of the reserves in the remaining area is being undertaken.

Should this prove satisfactory it is expected that a new agreement will be signed with Iscor.

The possibility of exploiting the lower grade coking coal reserves in the western area of the Induma colliery was studied at Iscor’s request and cost last year. The investigation is expected to be completed this year and if it is decided to develop the area, supplies of coal should start in 1983. This could extend the life of Induma by about two years.

Iscor will finance the project should it be decided to go ahead.

Vierfontein Colliery forecasts a decline in sales to Escom to 90 000 tons a month this year from 137 000 tons a month last year, reflecting the reduction in Escom’s required output from the Vierfontein power station.

This is expected to have an adverse effect on profits, although it could be offset by improved contractual arrangements with Escom.

Reserves are presently estimated at 11 million tons, but it is possible that this may increase to 15 300 000 tons by a greater depth of overburden than those currently being mined.

These reserves are said to be sufficient to meet Escom’s indicated requirements for the remainder of the life of the power station.

Unit trusts

Buyers’ offers yield

<table>
<thead>
<tr>
<th>Trust</th>
<th>Yield</th>
</tr>
</thead>
<tbody>
<tr>
<td>SA Growth</td>
<td>53.91</td>
</tr>
<tr>
<td>NGF</td>
<td>19.87</td>
</tr>
<tr>
<td>NA Trust</td>
<td>14.35</td>
</tr>
<tr>
<td>Old Mutual</td>
<td>31.79</td>
</tr>
<tr>
<td>UAL</td>
<td>26.28</td>
</tr>
<tr>
<td>Santamtrust</td>
<td>31.06</td>
</tr>
<tr>
<td>Standard</td>
<td>28.65</td>
</tr>
<tr>
<td>Santam</td>
<td>13.73</td>
</tr>
<tr>
<td>Standard</td>
<td>20.89</td>
</tr>
<tr>
<td>Stander</td>
<td>10.12</td>
</tr>
</tbody>
</table>

Unit trusts (as at 31 December 1979) with yield in per cent.

SA Growth 53.91; NGF 19.87; NA Trust 14.35; Old Mutual 31.79; UAL 26.28; Santamtrust 31.06; Standard 28.65; Santam 13.73; Standard 20.89; Stander 10.12.

Standard Income 102.60

Associated Ore and Metal Corp.

- Pre-tax profit R2.78m (R2.17m) for six months ended December 31
- Interim dividend 60c (40c)
- Taxed profit R2.39m (1.44m)
- Tax R433 000 (539 000)
- Minority R40 000 debit (819 000 credit)
- Laid off investments book value R9 14m (8.67m)
- Market value R9 75m (4.58m).

— REUTER
Hallucinations:

- Prem Mill gets

- UCT
Capital structure: 1.2m ordinary of
R1. Market capitalisation R7.9m
Financial Year 31 December 1979
Borrowings long and medium term,
Net cash R826 000 Deb interest
eral 6.8% Current ratio 1.7
Share market 660c 1979-80 high
680c low 320c trading volume last
quarter 16.4m shares Yields 7.7%
on earnings 12% on dividend Cover
1.3 PE ratio 18.9

Distributable income 357,335,404,652
287,235,273,311,509
Earnings (c) 297,325,424,900
Dividends (c) 196,210,250,450
Net asset value (c)

Traditionally, investment trusts can be
relied to move in tandem with the mar-
et's major indices, particularly if the
portfolio is widely diversified. That U & L
achieved a substantially higher rise in nav
than either the JSE overall index, which
rose by 23.5% over the same period, or the
all gold index, which rose by 100% is due
to the emphasis on gold producers in its
portfolio -- and the coming to market of
its major unfolded investment, Southern
Sun Hotels.

For the record, nav increased by
122.3%. And, on condition of higher share
prices, earnings advanced by an equally
impressive 51.8% to reach 50c after
adjustments. For shareholders, there was
also the satisfaction of receiving a 60c
higher dividend of 40c.

As for the portfolio, there were no sales
this time round if one excludes the reducti-
on in the Southern Sun stake as a result
of founder Sol Kerzner exercising his op-
tion to repurchase 1.25m of the original
3.1m shares held by U & L. But there
were several additions, encompassing a
broad range of industrial activities.

The largest single investment made last
year was the purchase of 100 000 Nedbank
shares at a market value of R5 15 000 at
the end of December. This represents the
first foray into banks and financial ser-
dices -- and accounted for as much as 9%
of the portfolio total of R5.7m (again
excluding Sussman which is held by a subsid-
ary). Other notable additions were HLH
(3.6m), Russell Holdings (100 000), Metal
Box (35 000) and 45 000 Sapo.

The deal with Sussman helped by chair-
man Louis Sulli as an investment cum
banking partnership was something of a
classic. And, in the belief that it can be
repeated U & L has since the year-end
bought a 50% interest in Karura Holdings,
which in turn holds the franchise to the
Hertz car rental business in SA. This
investment is shared with Noel de Vil-
loos, who incidentally was instrumental in
getting Avus off the ground. While no
significant contribution is expected from
Hertz this year neither are the purchase
price and terms that onerous. R1.2m in
cash over the next four years.

On the dealing side, RSA 11 ½ 1990 has
bounced and erected with little word of
dividend. On the granting front, this long-
ate will be
seen to
be
month
of
this
can be added another R50 000 deal.
As usual no covenant is offered for the
union & London
A great year
Activities Investment trust with di-
versified listed portfolio Subsidiaries
function as merchant bankers and
providers of venture capital Largest
single holding is in Southern Sun Ho-
teins (1.8m shares) Ultimate holding
company is Sage Holdings with 60%
Chairman: H. L. Shill, executive direc-
tor W. Gray

Financial Mail March 21 1980
Earnings dilution ahead

Dunsward

Activities Steel and sponge iron producer. Gemini owns 46.8% of the equity and Sanilam 10%.

Chairman G Clark, managing director K T Brightman.

Capital structure: 4,8m ordinary shares of R1; 100 000 6.6% redeemable preference shares of R2. 200 000 6.6% redeemable preference of R3. 100 000 6.6% redeemable preference of R4. 200 000 10.5% red convertible preference of R5. Market capitalisation. R106.6m.

Financials Year to December 31, 1979

- Borrowings: Long and medium-term. R14.7m
- Net cash: R1.6m
- Debt equity ratio: 71.7%
- Current ratio: 1.9
- Net cash flow: R6.6m
- Capital commitments: R7.9m

Share market: Price: 220c (1979-80 high. 270c low 78c trading volume last quarter. 269 000 shares). Yields: 35.1% on earnings. 4.3% on dividend.

- Cover: 7.7 times
- PE ratio: 2.8

- Return on cap: 16.9
- Turnover: 41.6
- ROI: 41.6
- Gross margin: 10.8%
- Earnings (c): 47.5
- Dividends (c): 47.5
- Net asset value (c): 427

On the back of a 22% increased pre-tax profit, achieved from 25.2% higher sales, Dunsward's share price has moved out of the doldrums. However, investors may have overdone the run-up to the profit announcement, when they pushed the price up to 220c - more than three times higher than 1979's low of 78c. But, following the profit announcement, the share slipped down to 200c, probably in anticipation of an earnings dilution following this year's share option dates.

Dunsward issued 8.6m options to subscribe to ordinary shares at R1.20 per share on March 31 and September 30 this year and next year. The options may be exercised at R1.20 per share for each two options offered. With only 8.6m ordinary shares currently in issue, the share capital could be more than doubled in the next two years. Obviously, this could reduce earnings by more than 44%.

Due to an assessed loss of R16.5m, which resulted in the company paying no tax, the profit, growth was translated into 1978's earnings rise to 77.5c (8.6c). Though shareholders have been disappointed in the low 10c payout, the high retainings were necessary to bring balance sheet ratios down to respectable levels. For example, the R2.3m transfer of retained income to distributable reserves - helping to increase the shareholders' fund to R2.21m (R17.2m) - and reducing borrowings by R2.6m to R15.3m, resulted in a decline in the debt equity ratio to 77.2% (112.3%)

R12.8m (R17.2m)

The net profit was increased by the change in capital employed by R34.0m (R34.0m). Dunsward's debt equity ratio has increased to 77.2% (112.3%). The dividend per share was increased by 17% to 77.5c (8.6c) per share, resulting in a total dividend of R15.3m.

Dunsward's debt equity ratio has increased to 77.2% (112.3%). The dividend per share was increased by 17% to 77.5c (8.6c) per share, resulting in a total dividend of R15.3m.

Dunsward's debt equity ratio has increased to 77.2% (112.3%). The dividend per share was increased by 17% to 77.5c (8.6c) per share, resulting in a total dividend of R15.3m.

As part of a five-year plan, Dunsward now looking into the possibility of installing a new sponge iron plant. For rolling sections, the target capacity is 10,000 000 t/year. Last year the production target was 240 000 t and the development came close with 238 000 t.

Dunsward hopes eventually to expand into more sophisticated product ranges, following the example of Union Steel - which will require heavier capex - and more time capital commitments at the year-end to amounted to R7.9m (R6.3m). This could be funded from Dunsward's own resources. Depreciation amounted to R5.5m, acting on fixed assets could be at last year's level, with tax likely to take a slice of this year's profit.

So, with the R2.7m in cash under it belt, the company can finance this capex without the need to resort to loan capital. As the economy has probably entered its second stage of the up-and-down trend of business cycles, prospects for growth are well for steel producers. Indeed, the directors forecast earnings growth, though they are not sure of the extent of the possible rise due to the company's reliance on the price controller for steel price hikes.

Nevertheless, Dunsward intends concentrating on the local market, where known conditions are likely to prevail this year and to restrict export programmes to markets where reasonable prices are attainable. However, shareholders should not expect too much in the way of dividends as the group plans heavy capex in the next five years.

Obviously, this will require high retainings. Even so, the director's immediate objective is to broaden the earnings base by bringing all sections into play to the fullest possible extent. This year a pre-tax profit of R4.6m is possible, but after tax offsets, attributable profits will probably be of the same order as last year's R3.9m.

However, dividend cover could be lowered to say three times and a 25c payout is possible if no options are exercised. Putting the share on an attractive 13.6% prospective yield. But perhaps this is expecting too much, given the share's patchy record, investors are probably justifiably in being cautious.
Up the independents

Firming local demand for steel has sparked off a major round of new capital investment by the country's half-dozen independent steel producers. Expenditure of some R250m is under way or in the planning stages at present, including Southern Cross' R127m stainless steel expansion programme.

Biggest of the independents is Anglo American Corporation's Highveld Steel & Vanadium, which produced 751 000 t of liquid steel last year. Highveld's R114m ninth kiln is currently under construction and scheduled to be commissioned around mid-year, while its tenth kiln should come on stream in 18 months' time.

This will complete the last iron plant, and already the feasibility of a second iron plant is being investigated. A decision on that investment — involving something like R100m for one furnace and three kilns — is expected to be taken this year.

Highveld's present has spare capacity at the steel mills, but more in iron-making so the expansion would eventually lift its overall capacity by 2% without any need for new mills. Some scrap metal is also used though this accounts for only 5%-10% of raw material input.

Last year's exports took up 47% of Highveld's output, though the revival of domestic demand has seen this fall below 30% this year where it's likely to stay for a while.

Dunswart Iron & Steel, which has virtually completed a R18m modernisation and expansion programme, has called for tenders for a second sponge iron kiln which would cost around R20m, says MD Ken Brightman

HOW THEY STACK UP

<table>
<thead>
<tr>
<th>Producer</th>
<th>Liquid steel production (tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highveld</td>
<td>750 000</td>
</tr>
<tr>
<td>Dunswart</td>
<td>380 000</td>
</tr>
<tr>
<td>Scaw</td>
<td>350 000</td>
</tr>
<tr>
<td>Uscor</td>
<td>230 000</td>
</tr>
<tr>
<td>Davsteel</td>
<td>130 000</td>
</tr>
<tr>
<td>McLellany</td>
<td>100 000</td>
</tr>
<tr>
<td>Total private sector</td>
<td>2 000 000</td>
</tr>
<tr>
<td>Iscor</td>
<td>6 000 000</td>
</tr>
</tbody>
</table>

*Plant just commissioned*

"This would raise our sponge iron capacity from 120 000 t a year to 300 000 t," he says. "At the same time, we are conducting feasibility studies for new steelmaking facilities which would need consideration of a new electric arc furnace and continuous casting plant.

"This would lift our total liquid steel capacity from 380 000 t a year to 500 000 t.

Dunswart is the country's only producer of sponge iron (next to scrap, the cheapest raw material for steel production). At present, sponge iron provides 120 000 t a year of the raw material input with the rest coming from scrap metal and small quantities of cast iron and pig iron. However, despite the planned near-tripling of sponge iron capacity, no reduction in the quantity of scrap used is envisaged because of the expansion of steelmaking capacity.

Exports have accounted for as much as 30% of Dunswart's output in recent years, but strengthening domestic demand will bring this figure down to 20%-25% of our production," says Brightman.

Union Steel (Uscor) MD Jan de Waal is cagier about his plans, though the PIM understands a fairly substantial investment is likely there over the next five years.

"We are ironing out bottlenecks in our existing plant and we are also planning, but there is nothing concrete at this stage," says de Waal.

At its present output of 270 000 t a year, Uscor is operating at full capacity, but debottlenecking could raise the capacity without major capital investment.

"In 1973 we put in a new mill which we are now altering so that we will be able to..."
utilise the capacity more effectively over a wider area of the market," avers De Waal. "We are still trying to convert to specialty steels which increases the profit potential without raising the liquid steel capacity."

Usco's entire raw material input is scrap, but some experimentation is being done with direct reduction.

The market, says De Waal, is "very lively", but predicting how long it will remain in the ascendancy is difficult.

"The steel industry normally moves in four-year phases," he adds. "We are approaching the crest of the wave at the moment, and the steel industry in Europe is in a down phase. So our market could start to turn down next year."

Scaw Metals, a wholly-owned subsidiary of Anglo American Industrial Corporation, is scrapping its two bar and section rolling mills and replacing them with a single 25mn mll with a capacity of 200,000 t a year.

**Modernisation**

This will raise total capacity of finished products from 240,000 t a year to around 400,000 t. Liquid steel production is 350,000 t a year. Scrap accounts for 63% of Scaw's raw material for rolled steel production.

The munnos in the steel industry are also expanding. Durban-based McWillow Iron & Steell, owned by Leo Raphaely & Son, has just completed a R33m modernisation programme which will increase liquid steel capacity from 62500 t a year to 100,000 t within two years.

McWillow enters to the coastal trade, supplying reinforcing steel to the Durban and Port Elizabeth markets, and has not yet experienced a significant upturn in demand.

"There is a healthier tone in the market," says MD Lew Evans. "But we are tied completely to the construction industry, and so there is a six-month lag in demand."

However, as a subsidiary of Leo Raphaely, the country's leading steel exporter, McWillow is well placed to find export markets when local demand is insufficient.

**New melt shop**

Davsteel, a small family-owned steelmaker, has just commissioned a new melt shop with a production capacity of 150,000 t a year.

"Capacity will eventually move to 200,000 t," says chairman Mendel Kaplan. "Up to now we have been manufacturing reinforcing bars and wrought rods from billets bought out. Now we are making our own billets in our own melt shop." Kaplan won't disclose the cost of the project.

The state steel corporation, Iscor, is still far and away the dominant force in the industry, producing 75% of the country's output. But with a huge cushion in the form of exports which can be diverted to the local market as demand picks up, Iscor is not in a capacity expansion phase just now.
Takeover watchdog for SA urged

Financial Reporter
The solution to the question of unfair takeovers in South Africa lies in the establishment of an independent body, along the lines of the London Takeover Panel or the American Securities and Exchange Commission, says Mr R. Campbell, joint chairman of the Shareholders Association of South Africa.

This body should monitor takeovers before they are made, and, subsequent to publication of terms, dissatisfied shareholders should take their complaints to it.

The association is not advocating that every complaint by frustrated shareholders be investigated, but many takeovers are valid reasons for consolidation which can benefit the companies concerned.

But takeovers rarely adequately recognise potential pitfalls. In many cases this is a difficult factor to evaluate, but it does play an important role in the mind of the investors and rightly so, says Mr Campbell.

He deplores the apathy of South African shareholders. They seem unthinking of the fact that they are part owners of the company whose shares they hold and whose boards are there to serve their interests.

Perhaps the main factor behind this apathy is the feeling of impotence by minority shareholders. The American principle of cumulative voting for directors could go a long way towards giving minorities a greater interest in the running of their companies.

Under the cumulative system the entire board retires each year and each shareholder may cast votes in the ratio of shares he holds, multiplied by the number of directors to be elected.

An independent director, has the opportunity of challenging the establishment, when necessary, at board level.

In spite of lack of protective measures, equity investment is the only avenue open to individuals for protecting income and capital, says Mr Campbell.
CAPE TOWN: The KWV offer of £14-million 7% profit-sharing preference shares of £1 each to wine farmers and cooperatives attracted applications for more than 75-million shares. The KWV is considering increasing the number of shares in the issue, and these will be allocated on April 1. The issue is to help finance the KWV's share in the holding company of the new Cape Wine & Distillers, in which the KWV and Rembrandt will each hold 50% of the equity. — Reuters
R6,6m electronics stake for Amic

Financial Reporter

Amic has entered the electronics field by buying 90% of Control Logic (Pty) for R6 000 000. Control Logic makes and markets electronic control systems and electronic equipment, including annunciators and automatonic products, such as cruise controls.

Profits have risen strongly in recent years and prospects for steady growth are sound, says Amic.

Amic directors believe electronics offer an important investment opportunity for the group and that this investment will provide a sound base from which to expand in this sector.

Amic will acquire the shareholding through a wholly owned subsidiary whose name will be changed to reflect more accurately the nature of its new business.

Funds required for this purchase will be obtained on a short-term basis and will be repaid out of earnings.
Amic pays R51m for joint control of Haggie

By HOWARD PREECE
Financial Editor

ANGLO American Industrial Corporation (Amic) is paying nearly R51-million to get joint control with Union Corporation of Haggie, the steel wire rope manufacturers.

The seller is Bridon, a British group which is apparently under severe financial pressures from soaring interest rates and a long-running steel strike in the UK.

Bridon is selling a 32,25% stake (6,452,120 shares) in Haggie to South Metals, a subsidiary of Amic, for R46,950,000.

Bridon is also selling the balance of its holding in Haggie to the Union Corporation group to bring Unicorp's stake in Haggie to 45,25%.

That puts a tag of about R60 million on the full deal. The deal means that Haggie has acquired the formidable dual parentage of Anglo American and General Mining, owners of Unicorp.

Until this deal Unicorp and its companion UC Investments held 23.5% of Haggie.

The change in effective control may well be seen in some quarters as yet another example of politically sensitive British disinvestment in South Africa.

But the financial problems facing Bridon do seem the crucial reason for the ending of its 32-year holding in Haggie.

Mr Richard Sayage, the chief executive of Haggie, says Bridon will continue to have a

COMMENT: Haggie produced exceptionally good profit figures for 1979 with total earnings up from R10.468 million to nearly R18.6 million.

The group has a most impressive record and it is unlikely that Bridon would have sold its holding without dire necessity.

Haggie depends heavily on the mining industry and the new link with Anglo must be helpful.

Anglo, of course, also has considerable interests in the steel industry which can be to Haggie's advantage.

There must, however, be some regret at the loss of an important direct British stake in South African industry.
Fedfood gets Table Top

Financial Reporter

There is no secret behind the suspension of Federeal Food's shares on the Johannesburg Stock Exchange yesterday as Business Mail's correspondent in George picked up the news on Tuesday that the group had bought Table Top.

Table Top Foods (Pty) was sold to Federale Volksbelegings, the holding company of Federeal, in a R120-million deal in London.

This was revealed in George before suspension of the shares by Federeal's managing director, Mr J D Louw, who will become the new chairman of Table Top.

Negotiations started in London last Friday morning with Union International of London, a company belonging to the Vestey family, group owners of Table Top in South Africa.

After 2½ days of negotiations, the deal was settled Sunday afternoon, shortly before Mr Louw and two other Federeal executives were due to fly back to South Africa.

Included in the deal are the Table Top deep-fried factory in George, a prepared food factory in Clayville between Johannesburg and Pretoria, and the network of distribution depots.

The takeover follows an abortive bid for Table Top last November by Anglovian, owners of the other frozen-food giant, Irwin & Johnson.

Although Irwin & Johnson has its big fish interests in the larger of the two, Table Top is the leader in the frozen vegetables market.

The George factory processes about 16,000 tons of frozen vegetables a year, about a quarter of which is exported.

Federeal will take over Table Top on Tuesday.

Mr Gert Schoonraad will continue to be managing director in Johannesburg of the group with Mr Louw as chairman. Mr Bill Ewen will stay on as manager of the George factory.
Bumper payout from Anglo likely

By HAROLD FRIDJON

JUDGING by the published performance of the major companies - Anglo, Ammink, Amdek and Amcoal - Anglo American Corporation is set for a bumper year with record profits and record dividends.

The interim report, published last November, gave a hint of what could be expected in May/June when the preliminary figures and the final dividend will be announced.

At the halfway mark, attributable profits had increased from R88 million to R120 200 000, taking earnings from 39.5c a share to 83.6c and the dividend from 14c to 20c.

The large part of Anglo's earnings accrue in the first quarter of the calendar year when the major associated companies report and announce their final dividends. This year we have seen some encouraging figures from the four major holding companies.

Assuming that Anglo's holdings in these companies have not changed materially since the date of the last accounts, it appears that income from Ammink has gone up by 24.5%, but from Anglo has more than doubled at R80 million. Amdek's contribution is more than 50% higher and Amcoal's about 24%.

Up income from these sources rose to R20 to 83 million last year to about R180 million this year.

Last year the dividends paid by these four giants produced 43% of Anglo's investment income. Assuming that the proportion is little changed this year and that other investment income grew at a corresponding rate, it is estimated that investment income will rise from last year's R220 million to about R230 million.

By the turn of the other numbers are added and subtracted, interest earned and interest paid, trading profits, exploration expenditure (a wild guess) provisions and tax, the attributable taxed profit could be R300 million against last year's R220 million to give earnings of about 18c a share.

Assuming that returns are about the same proportion as they have been in the past it would appear that a final dividend of about 48c a share could be paid which, with the interim of 20c, would give 68c for the year.

On the other hand, the final declaration might be tinged with conservatism - to keep something in the kitty for next year and could be pitched at 45c, making 65c for the year.

If these assumptions and guesstimates are anywhere near the mark, at last night's closing price of 1 340c, the share will yield 4.9%.
<table>
<thead>
<tr>
<th>Date</th>
<th>Page</th>
<th>Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010-01-01</td>
<td>3</td>
<td>1</td>
<td>Document1</td>
</tr>
<tr>
<td>2010-01-02</td>
<td>3</td>
<td>2</td>
<td>Document2</td>
</tr>
<tr>
<td>2010-01-03</td>
<td>3</td>
<td>3</td>
<td>Document3</td>
</tr>
<tr>
<td>2010-01-04</td>
<td>3</td>
<td>4</td>
<td>Document4</td>
</tr>
</tbody>
</table>


Barlow has acquired the assets of XYZ Company, effective January 1, 2010. The acquisition will be reflected in the company's financial statements for the fiscal year ending December 31, 2010.
Vaal Reefs looks to profit boost

By ADAM PAYNE

BECAUSE of the extraordinary increases in the price of gold, the potential of the entire mining lease area of Vaal Reefs is being re-examined and in particular the possibility of increasing production and profits by the mining on an extensive scale of the Venterdorp Contact Reef, says the chairman, Mr Dennis Ethridge, in his review for 1979.

The mine's present mining is on the deeper Vaal Reef.

The Venterdorp Contact Reef, which is exploited by mines on the West Wits Line, is deposited at Vaal Reefs over large channel widths and is at the relatively shallow depth of about 1,000m, extending over a large area in competent ground.

This means that mining operations in the payable areas will be easy and the environmental conditions good.

It will probably be necessary for the company to provide an additional metallurgical plant. Initial studies on this expansion will be completed in about six months.

"Vaal Reefs is geared to enter the new decade with confidence," says Mr Ethridge.

"It is a large company that has undergone significant mergers, expansion, consolidation and restructuring over the past several years and is now in a position to realise the resultant economies of scale.

"Investments made over past years and those planned for the immediate future are providing a modern mining complex that can operate efficiently."}

Mr Ethridge reports that available profit for the year was R66,645,000 and dividends of 510c a share took R66,900,000.

Retained profit fell slightly to R11 214,000. The royalty payment to Southvaal Holdings rose to R66,976,000 (R28,233,000). Royalties will be paid twice yearly in future and Southvaal will pay two dividends a year.

Vaal Reefs yields at 8.22 g/t for gold and 0.19 kg/t for uranium were respectively 5% and 14% below 1978 levels.

Uranium production rose 213 tons or 20% to 1,273 tons showing its importance to the mine.

Uranium working profit rose from R5 million five years ago to R8 million.

The new South uranium plant encountered problems, but should attain its design extraction rates by mid-1980.

A pressure leach plant is being built which should lead to an improvement in uranium recovery. It should be commissioned in the second half of 1981, with full production being reached by the end of 1982.
<table>
<thead>
<tr>
<th>Name</th>
<th>Address</th>
<th>Phone</th>
<th>Room</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>John Smith</td>
<td>123 Main St.</td>
<td>555-1234</td>
<td>A1</td>
<td>Office</td>
</tr>
<tr>
<td>Jane Doe</td>
<td>456 Oak Ave.</td>
<td>555-5678</td>
<td>B2</td>
<td>Conference</td>
</tr>
<tr>
<td>Bob Brown</td>
<td>789 Pine Ln.</td>
<td>555-9876</td>
<td>C3</td>
<td>Kitchen</td>
</tr>
<tr>
<td>Sally Lee</td>
<td>678 Cedar Rd.</td>
<td>555-3210</td>
<td>D4</td>
<td>Storage</td>
</tr>
<tr>
<td>Charlie Chiu</td>
<td>901 Maple Dr.</td>
<td>555-4321</td>
<td>E5</td>
<td>Auditorium</td>
</tr>
</tbody>
</table>

Table notes:
- Phone numbers are only placeholders.
- Rooms are assigned based on availability.
- Descriptions are simplified for clarity.

Table Top has cold storage capabilities for all product types sold. The facility is equipped with state-of-the-art refrigeration systems to maintain optimal temperatures for fresh produce, dairy, and meat products.

Haggie

Bridon has sold 35.25% in Haggie to Amic for R50.7m—an effective price of 538k per Haggie share—while Union Corp bought the balance to boost its stake to the same as Amic's. Thus Anglo Gemm arrangement is not as peculiar as it seems in view of the existing joint ventures in Colequip and Union Carriage.

Bridon obtained its shareholding in Haggie when its SA operation Rand Ropes merged with Haggie in 1992. The sale of this investment to Amic and Union Corp is apparently an effort by Bridon to solve its own financial problems after large contracting losses in a fairly recently acquired UK subsidiary.

Market sources suggest that Union Corp would have been interested in buying the whole Bridon stake, but that it was thought prudent to include Amic in view of Anglo group being a large Haggie customer. Additionally, Amic subsidiary Scaw Metals, through which the Haggie stake is being acquired, was fairly far advanced in setting up its own rope operation.

Amic's stake in Haggie was acquired at a 7.6% premium on the JSE price of 725c and a huge 99% premium on Haggie end-December net worth of 99c. However, Anglo notes that Haggie's plant is worth much more on a replacement value basis, and one industry source reckons the real figure is probably over 700c.

Haggie has been included for the year to end-December. Amic's earnings would have risen 16% to 313c—a 5.1% increase. The proceeds of the sale of Bridon's stake will be remitted in the form of a R2m special dividend from Haggie which will be funded by Amic and Union Corp, while the balance will go out through the financialバン. Amic will finance its share from cash flow and short-term borrowings.

In another acquisition, Amic has acquired 82% of Control Logic, an electronics company for R6.7m. The deal includes the purchase of 50% in Control Logic from an Anglo subsidiary

This acquisition marks the entry of Amic to the lucrative electronics industry and will be the base from which further expansion will be directed. Conlog has contracts at Sasol and control systems including "Speedcruise" controls.

Amic buys in $23.2m RA deal

In a $23.2m deal the controlling shareholding in Haggie Rand has been re-arranged to leave Amic and Union Corp with joint control. Previously, Union Corp and UK-listed company Bridon controlled Amic buys in $23.2m RA deal

Haggie's Haggie—something to smile about
AMCOAL: Losing steam

125.7 sales tons (66.3t) per man, reflecting higher tonnages sold, plus a 4.8% reduction in staff in line with further mechanisation. In 1979, 88% (80%) of Amcoal's coal was won by mechanised methods, and a further rise is in prospect.

Coal and coke sales in 1979 were 32Mt (26.7Mt), the largest increase being a 36.7% rise in exports to 36.7% to 6.7Mt (4.9Mt). Deliveries to Escom power stations rose 27.1% to 21.7Mt (21.7Mt). Amcoal's average price per ton rose only 3.5% to R9.50 (R9.82), largely because of the lower margin on sales to Escom.

In 1979, sales from Kriel accounted for much of the higher supply to Escom. The burning rate at the Kriel power station was higher than forecast so coal production was increased ahead of schedule, rising 88% to 8.2Mt (4.4Mt). At Arnott sales lost due to a lower burning rate were augmented by deliveries to other stations, resulting in total sales of 5.5Mt (5.4Mt).

Amcoal is now to fund the entire cost of Kriel, estimated at R101.5m. This means additional investment of R28.9m, of which an R8.7m balance is to be spent as incurred. Initially, Escom was to have helped finance the project, but Amcoal appears happy with the new arrangement.

Amcoal has been awarded large supply contracts for two new 1800MW power stations. The first station, Tutuka, will be supplied by the New Denmark coalfield. Production should commence in 1984 and the 5Mt full capacity should be reached in 1987.

Escom also has an option over additional potential supplies from New Denmark, which, if available, will enable the station to be expanded to a maximum of 3600MW.

The second contract was awarded to the Cornelia coalfield, where underground and opencast operations are to be established. Production is scheduled for the late Eighties with maximum capacity of 6.5Mt a year.

At end-December, Amcoal had capex programmes of some R371m (R124m), including R216m for completion of the collieries to supply the 1800MW power stations at Tutuka and Corneha. Of this R216m, Amcoal estimates it will fund some 65%.

Sales increased on all but the domestic market. General industrial user demand was unchanged but SAR and the cement industry requirements fell. Escom demanded its older stations are falling as the Eastern Transvaal units are commissioned, while SAR is phasing out steam locomotives. Sales to the cement industry suffered due to competition from non-TCOA collieries and lower production and exports following the changes in Iran.

On the local market, Amcoal's chairman Graham Bousfield says consumers are becoming more grade selective. The Price Controller granted domestic price rises between 10.6% and 12.1% effective February 1 this year. Amcoal sees little advance in domestic sales this year by the TCOA, but, with the group's success in holding coal prices below the annual inflation rate, there should be at least the same contribution from this source in the year ahead.

On the export market, Amcoal supplied nearly 50% of the TCOA tonnages — a total of 5.6Mt plus 1.1Mt sold in terms of Amcoal's own export authority. The third phase of the Richards Bay, which will boost capacity from the present 24Mt to 41Mt, is expected to be completed in two stages during 1983 and 1986, says Bousfield. Given the trend towards a lesser reliance on oil as an energy source internationally, Amcoal is confident of benefiting from this expansion.

Amcoal's balance sheet remains strong. As a consequence of its fairly extensive capex requirements over the coming years the group will need additional funds. However there is ample scope in the balance sheet to finance this expansion — despite total borrowings of R78.7m (R72.8m) — without restraining dividend distributions. At 2400c, Amcoal stands on a 3.8% yield — the lowest in the coal sector — reflecting the group's size and solid base through its contracts to Escom and dominance of the more lucrative export market.

Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University.
Ownership & Control

April–May 1980
Oppenheimer talks on the Cons Gold deal

'We blocked the mystery bidder'

BY NEIL BEHRMANN.

LONDON. — Mr Harry Oppenheimer has confirmed that De Beers and Anglo bought 39% of Consolidated Gold Fields to block another bidder.

In an interview with the Sunday Telegraph here, Mr Oppenheimer said he had been uneasy about Gold Fields for several years.

The only protection against a major predator was its size. Yet, for a big all company, even a large mining company flush with gold profits, this was not necessarily sufficient, said the Anglo American chairman.

Last October (when Business Mail and Cape Times first published the unusual activity), De Beers noticed a big buyer in the London market.

The immediate thought was that it must be General Mining. However, Mr Oppenheimer decided that the bidder was not an Afrikaans mining house.

"Nonetheless, we decided someone was going to go for it and if so, it would upset the whole balance of power," said Mr Oppenheimer. "It was never the intention of De Beers and Anglo to attract a De Beers or Anglo American, one to take control."

"But I wouldn't like someone else to control it. I wouldn't like us to control it either, as it would be politically unwise to bring under one roof 70% of the South African mining industry."

Mr Oppenheimer reckons that the balance of power is something worth paying for.

"We are substantially the biggest mining group in South Africa, and a lot of business comes to us because of our size. Obviously our position would be affected if another group were as big."

If it was not General Mining, who else was in the market?

Mr Oppenheimer says he still does not know. It might have been an oil company — Atlantic Richfield and Exxon were both mentioned — and that would not have pleased the Anglo men.

"That would not have been to our advantage," says Mr Oppenheimer. He believes that someone without any knowledge of the South African mining scene, might have disturbed the delicately developing balance.

Mr Oppenheimer has now tied up Cons Gold and the offshore GPEA. His two companies, De Beers and Anglo have just under 25% and have stopped buying.

Recently, there were reports that undisclosed nominees in Cons Gold register had increased, but Mr Oppenheimer has not confirmed that the buying has emanated from the Anglo stable.

However, Mr Oppenheimer has now gone on record as saying that he would not rule out increasing the stake to 25%, "in the future."

Yet, that will be the maximum holding, "unless someone were still to bid."

The Sunday Telegraph calculates that with Cons Gold ruling around 45%, the Anglo paper loss is £3 million on the first million purchase, which was made in February.
PEUGEOT FACTORY

Defence Force moves in

The comings and goings of helicopter-borne army brass has been the talk of Natal for months. Now the secret's out the Defence Force has bought the old Peugeot Citroen factory in Alberton for R2m.

An army spokesman confirms the deal and tells the Fm that the huge front will be used primarily as storage space. There will be plenty of it.

The developed portion of the site alone contains some 70,000m² of covered floor space in five industrial buildings. That approaches the size of the trading area of Eastgate and, as such, is believed to be the biggest deal of its kind concluded in SA.

Total site area is equally impressive - 50ha of non-contiguous land situated in both Alberton and Germiston. Defence says there is plenty of room for its needs with storage as its main goal. It has been interested in the property for at least 18 months and took an option six months ago.

The Peugeot Citroen operation moved out about a year ago when the group folded up with Sigma. Since then the buildings have been systematically stripped of the trappings of motor manufacture and are now clean and awaiting the arrival of the Defence Force.

The plum deal has been clinched by John Penny (of John Penny Pty) who has held sole agency since 1978. Penny says he played a hand in the deal by deciding to have an in-depth look at what was happening in the motor industry.

"The rationalisation going on at the time convinced me that things were on the move," he says. "It certainly paid off."

The deal is believed to have been struck a little below original valuation, but Penny points out that it's a custom-built property with very few potential takers.

In the event, Peugeot Citroen have probably done well to get out of it with R2m. The alternative was to sit with unproductive premises and substantial holding costs without enhancing the prospects of a better deal.

For its part, Defence has obviously struck a hard bargain and still obtained precisely what it was looking for.
De Beers market overlooks the hidden riches

LONDON — There is a major anomaly in the mining share market which escape out for rec-
tification, wrote Annette Wilson in the Sunday Telegraph.

For years platitudeous arguments have held sway rather than fact — and it is frequently
difficult for the major invest-
ment funds to reverse their long-held beliefs and even more so those of their trustees.

To begin at the beginning. The world’s most efficient monopoly is that of the Central
Selling Organization which accounts for its customers every significant diamond produc-
ted around the globe.

Even the Australians are likely to join the list of those who receive monthly cheques in return of the Ashland mine when it begins to produce marketable quantities of diamonds this year.

Ghana’s production of 17.5 million carats is an overall gem content of only 15% and these are not of high quality. That leaves the CSM selling revenue in 1979 of $2,000 million (112.92 millio

By far the largest proportion came from gemstones and this is where the CSM’s parent, De Beers, really scores. At present, it produces around 45% of world’s gemstones from its mines in southern Africa.

But as pointed out here before, this proportion will rise over the next few years so that its share will exceed 55% and the major variables or unknown factors will not be.

But the evidence from here indicates that Ashland could best be compared with the Orapa mine in Botswana with an 80% industrial diamond content.

Industrial diamonds have prices around 2000 a carat at a crude approximation whereas a poor quality gemstone would start off a hundred times higher in the usual form.

But there now appears to be some pressure on supplies worldwide. This has encouraged De Beers to develop synthetic alternatives, including one incorporating boron nitride for use in machining hardened steels. This points to a higher cash contribution from this source to De Beers revenue in future years.

Part of the adverse market sentiment to De Beers arises from the historical high propor-
tion of profits gleaned from South West Africa at CSM’s headquarters until recently. These accounted for over a quarter of net group profits. But in 1979 this had declined to 10% accompanied by a decline in diamond output of 246,000 carats to 1,600,000.

While the future of South West Africa remains a little uncertain, De Beers is still planning to acquire new reserves although CSM’s life expectancy is now the equivalent of 10 years at 1979 production levels unless there are significant discoveries.

The shortfall is to be made up from the rest of Africa and middle east. This is where the current optimism of the mining industry rests.

The short term is now critical to De Beers as it is to CSM. The recent sudden drop in the price of diamonds has been a major setback to the company’s financial position. The dividend is now only 12% of the previous year’s.

The overall portfolio excluding cash was worth $2.5 billion at the year-end whereas the carat content of the group’s portfolio was estimated at only $2.7 billion, a mere 3.5% more than at the end of 1979.

While gold averaged only 1250 in 1979 compared with the average for the first part of this year, calculated on a per share basis, the company reported a loss of $350 per share.

The outlook for the diamond industry remains uncertain as the world’s largest investment holding company has still to be realised.

The discount against the mining finance house such as UC Investment, or Angold is un-
just and De Beers should be compensated for the world’s largest investment.

The discount against the mining finance house such as UC Investment, or Angold is un-
just and De Beers should be compensated for the world’s largest investment holding company has still to be realised.

The discount against the mining finance house such as UC Investment, or Angold is unjust and De Beers should be compensated for the world’s largest investment holding company has still to be realised.

The discount against the mining finance house such as UC Investment, or Angold is unjust and De Beers should be compensated for the world’s largest investment holding company has still to be realised.

The discount against the mining finance house such as UC Investment, or Angold is unjust and De Beers should be compensated for the world’s largest investment holding company has still to be realised.

The discount against the mining finance house such as UC Investment, or Angold is unjust and De Beers should be compensated for the world’s largest investment holding company has still to be realised.

The discount against the mining finance house such as UC Investment, or Angold is unjust and De Beers should be compensated for the world’s largest investment holding company has still to be realised.

The discount against the mining finance house such as UC Investment, or Angold is unjust and De Beers should be compensated for the world’s largest investment holding company has still to be realised.

The discount against the mining finance house such as UC Investment, or Angold is unjust and De Beers should be compensated for the world’s largest investment holding company has still to be realised.

The discount against the mining finance house such as UC Investment, or Angold is unjust and De Beers should be compensated for the world’s largest investment holding company has still to be realised.

The discount against the mining finance house such as UC Investment, or Angold is unjust and De Beers should be compensated for the world’s largest investment holding company has still to be realised.

The discount against the mining finance house such as UC Investment, or Angold is unjust and De Beers should be compensated for the world’s largest investment holding company has still to be realised.

The discount against the mining finance house such as UC Investment, or Angold is unjust and De Beers should be compensated for the world’s largest investment holding company has still to be realised.

The discount against the mining finance house such as UC Investment, or Angold is unjust and De Beers should be compensated for the world’s largest investment holding company has still to be realised.

The discount against the mining finance house such as UC Investment, or Angold is unjust and De Beers should be compensated for the world’s largest investment holding company has still to be realised.

The discount against the mining finance house such as UC Investment, or Angold is unjust and De Beers should be compensated for the world’s largest investment holding company has still to be realised.

The discount against the mining finance house such as UC Investment, or Angold is unjust and De Beers should be compensated for the world’s largest investment holding company has still to be realised.

The discount against the mining finance house such as UC Investment, or Angold is unjust and De Beers should be compensated for the world’s largest investment holding company has still to be realised.
UK to tighten up after Anglo raid

LONDON. — The UK Panel on Takeovers and Mergers wants legislation to require investors buying shares in a company, when acting in concert with each other, to disclose their total holding when their joint stake reaches 5% or more, says the chairman, Lord Shawcross.

He says the panel's annual report measures are also necessary to ensure that companies are not kept in ignorance for long when investors deliberately delay registering their purchase of shares.

Lord Shawcross says market raids are equally worrying, though more difficult to deal with.

He says these disclosure problems arose during the recent creeping acquisition of about a 25% interest in Consolidated Gold Fields by Anglo American Corporation of South Africa and De Beers Consolidated Mines.

It was later open to institutions and others, who had been privately notified of Anglo American's above-market offer, to come back into the market at lower prices and repurchase shares which they had sold at record levels to the Anglo American group.

Lord Shawcross says the definition of foreign companies which are not subject to the UK takeover code when receiving a bid was redefined after the abolition of foreign exchange controls last autumn.

Foreign companies are now generally defined as non-residents incorporated abroad, or where the head office, central management and control are outside Britain. Irish companies listed on the London Stock Exchange remain subject to the code in this context.

Previously, foreign companies were defined as those not subject to UK foreign exchange controls.

Lord Shawcross says a revised takeover code, taking account of several current concerns, will be published towards the end of 1980. Revisions will be on a smaller scale than the last revision in 1976.

The panel plans to consider the current proposal in the US whereby buyers of more than 10% of a company's stock during a limited period would have to tender for the balance. The possibility of requiring partial bids will also be reviewed.

At present, UK takeover rules require a general offer when an outsider acquires 50% or more. — Reuters
Argus buys 25 percent stake in Hortors

By Colin Campbell

The Argus Group has bought a 25 percent plus stake in Hortors.

The chairman of Argus Printing and Publishing, Mr. L. E. A. Slater, announced this morning that Argus decided that a shareholding in Hortors, operating as it does in the printing and publishing field, was a sensible investment. The stake cost roughly R2.28m cash.

Argus acquired its interest through the stock market, and is now probably the largest single shareholder in Hortors. However, it is understood that Argus, by virtue of its market acquisition, will not have to make a similar offer to acquire other shareholders' interests.

155c a share

When the Abramson-Pegg interest in the Hortors group was unwound following the Information scandal, their interest in Hortors was placed privately with local investors and institutions. The placing initially ensured that no individual shareholder controlled 20 percent or more. Since then parcels of shares have become available on the market, and Argus has been a buyer. Hortors closed on the JSE last night at 155c a share.

In his statement this morning the chairman of Hortors Limited, Mr. J. M. Parrington, said that "during the past two weeks the volume of the company's shares traded on the Johannesburg Stock Exchange has been well above normal." Shareholders are advised that The Argus Printing and Publishing Company Limited has notified the directors that they have made an investment slightly in excess of 25 percent of the issued ordinary shares of Hortors Limited.

12c dividend

The question of Argus boardroom representation on the Hortors board by virtue of its stake has not been considered yet.

Argus recently acquired an effective 50 percent stake in Caxton Limited, and its latest purchase takes it yet further into the printing/publishing industry.

Hortors' main operating divisions include Kalama Zoo Business Systems, Sparham and Ford, Kiley Baker, Cape and Transvaal Printers, and other print and packaging interests.

Hortors recently forecast net earnings of 22c a share for 1989 and a dividend of 12c a share.

Total capital employed at last balance sheet date was R7.88m.
This investment reprenentes 25 percent of equity interest in Le soar and will be funded from internal sources. It also grants the right to receive a royalty equal to 10 percent of Le sor's gross revenue.

In order to maintain operations, Caring has placed its diamond recovery pilot plant at book value of R130,000 and payment will be received in installments over the next two years.

which reveals one society to another may be regarded as an ethnographic film. Any film which reveals the texture of human life on as many levels as possible—the appearance of a people and their surroundings, their ritual activities, the quality of their interpersonal relationships, the rhythms of their society and their values, is not only a valuable historical document, but also increases society's knowledge of the present. There is, significantly, a shortage of this kind of film material in South Africa.

This course will suggest some of the strategies and problems involved in ethnographic film-making.

Lecture One

The need for context
Film The Nuor (70 min)

Lecture Two

Whole acts
Film Rivers of Sand (60 min)

Lecture Three

History as it happens. Film Chulas Fronteras (59 min)

Lecture Four

Backyard Ethnography Film Daguerrotypes (78 min)

Lecture Five

The local scene Film Bushmen of the Kalahari (50 min)

OR a selection of local films

CINÉMA-VÉRITÉ

Some people think of cinéma-vérité, or direct cinema, as a modern version of candid camera, that is, recording life as it is lived by means of hand-held cameras and natural sound. It was, interestingly, a film style born out of technological developments and then evolved into a social concept. Largely applicable to documentary film-making, the phrase was coined to describe Jean Rouch and Edgar Morin's Chronique d'un Été and has since been applied to many films that employed the techniques without necessarily subscribing to the philosophy. The first 2 lectures in this series will explore the idea of cinéma-vérité as it emerged in France, Canada and the United States and the third will discuss possible applications to a relatively recent development, the committed local-issue advocate.

Lecture One

The observer. The fly on-the wall approach
Film Chiefs (20 min) or A happy Mother's Day (26 min) Running Fence (57 min)

Lecture Two

The catalyst. At knowledge one's presence
Film The moontrap (84 min)

Lecture Three

The militant. Fighting the good fight
Film It's ours whatever they say (39 min)

NOTE: Additional films related to this course will be screened each after noon at 5.30 p.m. It is advisable to see as many of these as possible. Fee 50c. per session. The programme will be available in the final Summer School programme.

The organizers may change some of the film material listed above, depending on what is available from abroad.
For Jacobson, like Robert Townsend, believes business should be fun — if it's not, get out of it. With the increased growth and profits his group is showing, he's not likely to, however.

Jacobson's Trade and Industry (T & I) has just acquired Commonwealth Shippers, thereby increasing its material assets by 25%. "It didn't cost him much to own the company but it certainly suits us," says Jacobson. We have got ourselves a well run shipping company.

He lists his company's assets like items on a shopping list, giving the impression that they were won with a minimal effort.

A major coup was when Jacobson took over Lago's interest in T & I. "It was the first time that a scheme of capital reduction had been put into practice in SA," claims Jacobson. The plan was: "...and under control.

Mr. B. Why about his competition? He replies: "What competition? There is not much that is meaningful in the shipping business. Merchant banks are, I suppose, the people we are up against.

If SA operations make up the smaller proportion of the group and there is an increasing tendency to do international business, why not move the operation from Johannesburg? Jacobson shakes his head, and you get the feeling that he wouldn't even consider it. "You don't have to be in London to run it. Our management is good and can handle most of what has to be done. I physically visit each branch at least once a month. Any way, what's the point of being in London if you don't actually do anything there?"

Mr. B. What will he do when he no longer finds business fun? Retire? At 39, and still moving fast, it doesn't seem to be a possibility. "But the Bahamas would be good," he says, thinking of it for just a second. "And maybe I would set up a small investment banking operation."

Otherwise, it is more business. Resuscitating the Zimbabwean office is on the cards, he says, with a snap of his fingers. "We're just waiting to see what Mr. Mugabe will do..."
vir die doel, versamel onderneemers van al die beskikbare ter sake inligtingsbronne asook die persoonlike kennis van die komitee in die volvoering van sy taak.

die gesteelde ondersoek en verdieping van beskikbare kennis rakende die ekonomiese en demografiese eienskappe van die streek;

- benewens ondersoek en ondersoek in die persoonlike kennis van die komitee in die volvoering van sy taak.

- vir die doel, versamel onderneemers van al die beskikbare ter sake inligtingsbronne asook die persoonlike kennis van die komitee in die volvoering van sy taak.

- benewens ondersoek en ondersoek in die persoonlike kennis van die komitee in die volvoering van sy taak.

- benewens ondersoek en ondersoek in die persoonlike kennis van die komitee in die volvoering van sy taak.

- benewens ondersoek en ondersoek in die persoonlike kennis van die komitee in die volvoering van sy taak.

- benewens ondersoek en ondersoek in die persoonlike kennis van die komitee in die volvoering van sy taak.

- benewens ondersoek en ondersoek in die persoonlike kennis van die komitee in die volvoering van sy taak.

- benewens ondersoek en ondersoek in die persoonlike kennis van die komitee in die volvoering van sy taak.

- benewens ondersoek en ondersoek in die persoonlike kennis van die komitee in die volvoering van sy taak.

- benewens ondersoek en ondersoek in die persoonlike kennis van die komitee in die volvoering van sy taak.

- benewens ondersoek en ondersoek in die persoonlike kennis van die komitee in die volvoering van sy taak.

- benewens ondersoek en ondersoek in die persoonlike kennis van die komitee in die volvoering van sy taak.

- benewens ondersoek en ondersoek in die persoonlike kennis van die komitee in die volvoering van sy taak.

- benewens ondersoek en ondersoek in die persoonlike kennis van die komitee in die volvoering van sy taak.

- benewens ondersoek en ondersoek in die persoonlike kennis van die komitee in die volvoering van sy taak.

- benewens ondersoek en ondersoek in die persoonlike kennis van die komitee in die volvoering van sy taak.

- benewens ondersoek en ondersoek in die persoonlike kennis van die komitee in die volvoering van sy taak.

- benewens ondersoek en ondersoek in die persoonlike kennis van die komitee in die volvoering van sy taak.

- benewens ondersoek en ondersoek in die persoonlike kennis van die komitee in die volvoering van sy taak.

- benewens ondersoek en ondersoek in die persoonlike kennis van die komitee in die volvoering van sy taak.

- benewens ondersoek en ondersoek in die persoonlike kennis van die komitee in die volvoering van sy taak.
Genmin bid to ease the diesel problem

By ADAM PAYNE

Johannesburg — In the recent merger of General Mining and Union Corporation, one aspect of enormous importance that was virtually ignored because no projected earnings were possible — was the exploitation of Genmin's Springbok Flats coalfield for oil and chemicals.

I am told that when this project comes to fruition the accent will be on providing a product suitable for diesel propulsion and the project would thus be a powerful weapon in reducing the shortage of diesel fuel which threatens to become a serious problem from 1963.

Already South Africa is a net exporter of petrol from time to time because more petrol than needed is refined to obtain the much needed diesel fuel. Two important milestones ahead in Genmin's drive to launch its coal liquefaction project:

1. Before the war ends, Genmin will know if its coal performs well in coal liquefaction demonstration pilot plants overseas, which produce a few tons a day.

2. After the development of the process, developers overseas, who have spent probably up to R1 000 million on research and development, will get the first results from their experiments in scaling up the size of their pilot plants to commercial scale.

It is obvious that this project will have national strategic implications, and that no other source of energy will be the only criteria in launching it. It would be most surprising if Genmin were already in close consultation with the government.

One can expect that the final decision will be at least a amalgam of strategic and commercial considerations, which might easily involve government financial involvement.

Genmin is not aiming to build another Sasol. The Sasol process, which involves synthesis of gases, produces the lighter, or white spirits, petrols, with very little of the heavier fuels. Methanol also supply the top fraction of the barrel.

The combination of these two could well lead to a situation where South Africa has to import excessive quantities of crude oil and re-export both the top of the barrel fractions — petrol, and the bottom of the barrel — bunker and heavy fuel oils — to get the required volume of diesel in the middle of the barrel.

This is the case for the production of synthetic crude instead of simply multiplying Sasols.

The direct method of coal conversion, with which General Mining's experiments are concerned, broadly involves the crushing of coal, the combustion of this with a heavy oil, to form a slurry. The hydrogen-deficient coal slurry is then gradually broken down to molecular level by very high temperatures (between 400 and 600 degrees C) in a hydrogen-rich atmosphere suitable for normal fractionation and refining.

I am told that the direct liquefaction processes have worked fairly well in small-scale demonstration plants producing up to a few tons a day.

The remaining problems to be resolved here in the field of engineering scale-up from a few tons a day to hundreds or even thousands of tons a day.

This is not merely a matter of making things bigger — the engineering is extremely complex. Various overseas companies and governments have spent sums approximating R1 000 million in total on research and development into these and related processes.

To do this is clearly beyond the scope of South Africa's resources, so Genmin will be seeking to license technology once it is proved. The first scaled-up plants are due to start test running overseas this year.

Genmin coal has been encouraging in laboratory tests, and the company has announced that sufficient coal is being sent overseas for a year-long run in the demonstration plants which produce a few tons a day.

Assuming that Genmin is told this year that (1) its coal is suitable for liquefaction in a demonstration plant and (2) that scaling-up experiments by the developers have been successful, the next logical step would be for Genmin coal to be tested on a large scale in the scaled-up plants.

If this is successful then, subject to financial viability, the project would be ready to go. If everything goes right, one could guess this stage being as late as 1991.

Should further research work be needed at any stage the project will obviously move backwards in time.

Given the world liquid fuel position, it should be no more a question of "when" rather than of "if" the project gets under way.

The size of the undertaking is speculative at this stage. I am told that even Genmin cannot envisage any particular size.

The diesel shortage is so serious that the equivalent of a Sasol 4 could be justified costing between R3 000 million and R5 000 million.

On the other hand, it might be prudent with a complex new process to start with the first stage of a modular scheme and build up later. A great deal will depend on oil politics and economics.

Genmin at its press conference last week reported on the Springbok Flats coalfield disclosed that in partnership with Trans-Natal Coal Corporation it has already invested R125 million on the project, building up a picture of the reserves in the area and researching the alternative ways of exploiting them.

Initially, the reserves fall into four fairly distinct zones: an area of blend combing coal, areas of medium quality steam coal, areas of medium quality steam coal, and finally, areas of poor quality coal.

Of great interest is the fact that certain of these coals are more reactive to chemical processing than others, established fields.

The company's plan for exploiting the coalfields falls into three separate operations:

1. The coal mining phase which will involve general mining about 60% in partnership with Trans-Natal (35%) in the beneficiation and production of a washed product.

2. The exploitation of the carbonaceous content of the coal which has been broken down to R100 a share with General Mining and Trans-Natal each having 25%.

3. The metallurgical project which processes the uncarbonaceous material produced by the carbonaceous operation. In this case participation is split evenly between General Mining and Trans-Natal. Only part of the coalfield contains the higher concentration of uranium.

As to the oil situation generally, generally, the hope is that for various economic and conservation measures, the minimum growth rates for petrol and diesel needs are now estimated at 2% and 5% respectively.

Satisfying the country's diesel needs is already a problem and one which is likely to be exaggerated once Sasol 1.2 and 3 are all on stream.

If the traditional refineries set their imports of oil at a level which, with Sasol, will satisfy South Africa's total liquid fuel needs, then given the limitation of the breakdown of crude oil by South African refiners, there will be a considerable over-supply of petrol and a critical shortage of diesel from 1963.

The government's awareness of this problem can be seen in the additional incentives which are being offered to domestic synthetic fuel processes which specifically favour the production of diesel. The gap has to be filled.
Searadel pays R2,5m for Sharp 75%

By SIMON WILLSON
Industrial Reporter

SHARP Electronics SA secured a major injection of capital yesterday when Searadel Investment Corporation bought a 75% interest in Sharp and its subsidiary companies.

The deal, worth R2 500 000, was signed by Searadel's chairman, Mr Aaron Searl, and his Sharp counterpart, Mr Colly Fram, and comes into effect from July 1 this year.

The price will be paid by an allotment of 150 000 shares in Searadel at R2,10 a share, with the balance in cash.

Mr Fram remains in control of Sharp's management team, and will have a seat on the Searadel board as chairman of the Sharp group.

Sharp is in the unusual position of being the sole South African distributor for the Sharp Corporation of Japan, but at the same time remains outside the Japanese multinationals' network of worldwide subsidiaries.

Sharp SA was set up with R200 000 in capital in 1978, and now ranks ninth in size in Sharp's international distributors. It has assets exceeding R19-million and a turnover of more than R19-million.

Cape Town-based Searadel is involved in the manufacture of apparel, leather goods and toys and also has substantial interests in shipping and freight forwarding.

The group has 24 subsidiary companies – 20 in Cape Town, three in Durban and one in Johannesburg – employing 7 500 people, and has a turnover of more than R100-million.

"We have been looking to diversify for over two years now, and in all that time we never found a suitable partner," Mr Searl said yesterday.

"We wanted to diversify into consumer goods, and we were looking for compatible management and an international brand name.

"Sharp turned out to be exactly the sort of company we had been looking for, and right from the start our negotiations went perfectly," Mr Searl said.

Mr Fram said Sharp had been on the lookout for additional capital since its inception, and had held informal talks with several merchant banks.

Sharp is established in the pocket-calculator and car-radio markets, and the capital that will become available as a result of the Searadel deal is to put to use in a major sortie into the hi-fi market.

"We aim to start hi-fi production in March 1981. This is part of the consumer durable market we have been eyeing for some time as stereo audio equipment is going to be a great growth field," Mr Fram said.

"We'll be aiming at the mass end of the market – portable radios, cassette recorders and music centres."
GROUP OWNERSHIP

Closing loopholes

The Share Block Control Bill read in Parliament recently has weighed in, as expected, with some stringent controls on the owning of immovable property through the lesser-known method of group ownership.

Most of the controls are related to accounting procedures and the rights of share block owners, as recommended by the Van Tonder Commission. And although it is only partly through the parliamentary process, the Bill should provide a formula which will prevent some of the disasters of the past.

Relatively unknown in the Transvaal, share block ownership has been successful in Natal and the Cape for almost 30 years. And it is seen by property experts as a worthwhile alternative where the opening of a sectional titles register is unsuitable.

The immovable property is owned by a company. Ownership of a particular portion of the property is then achieved through an Owners', Use and Occupation Agreement (which, according to the Bill, must be in writing) linked to a block of shares.

The South African Property Owners' Association (Sapoa), and the Institute of Estate Agents (IEA), who worked closely with the Van Tonder Commission on the recommendations, have welcomed the introduction of the Bill, saying it performs two basic functions.

Spokesman for Sapoa and the IEA, Kevin Moore, maintains the legislation recognises the share block system has a place on the South African property scene, and that, properly controlled, it should be viewed as complementary to the sectional title system.

The Bill, he says, provides a workable mechanism which will both enable and control the conversion from the share block to sectional title form of ownership, thus replacing the much criticised Section 23 of the Sectional Titles Act.
With the current suspension of Retco while negotiations are in progress over a sale by SA Breweries of its interest in the company and an offer to minorities by a consortium of pension funds, the preliminary profit statement is of limited importance. Profit before tax fell 34.9% to R2.8m (R4.7m), while earnings were 34.4% lower at 2.35c (3.6c).

The directors attribute the profit fall to lower income from property sales, higher operating costs and a bigger interest bill. Income from properties rose 9% to R13m (R12m), while after operating costs the figure was 7% higher at R8.2m (R7.6m). Therefore, costs were 11.6% higher at R4.8m (R4.2m), which is not particularly high when compared with the annual inflation rate, but shows up the low increase in property income.

The increase in property income flowed from higher rentals and a reduction in vacancies, though no figures are available. Most of Retco's properties are office blocks in the Johannesburg CBD as well as flats and hotels. During the year, subsidiary Longull was placed in provisional liquidation, apparently as a result of low tender prices and inadequate escalations. As a result, Retco has written R2.4m off reserves, which would mean a reduction in net worth per share of some 3.7c. At end-March nav would thus be around 107c a share.

Though the results for the year to end-March are disappointing, they are better than expected at the halfway mark when 0.8c (1.7c) was earned. Then the directors said second-half earnings would be "slightly higher" than in the first six months. In the event, they were double. There were no profits on property sales in the first half, hence the overall reduction for the year.

As usual Retco distributed nearly all its earnings. The total payment for the year amounts to 2c (3c) which puts the share, at the pre-suspension 7.5c, on a low 2.7% yield. But that is academic until negotiations are completed.
Major customers who have helped fund the mine’s antimony oxide plant will almost certainly tighten up their own inventory controls. Couple that with the possibility of a significant demand downturn, and the year could be a tough one.

That, of course, is all hypothesis. On the factual side, last year’s sales and earnings recovery has allowed the mine to carry out previously deferred but necessary capex projects. Last year capex absorbed R9.8m and chairman Tony Dalton-Brown expects to run at about R14m this year – largely for shaft sinking.

That, however, does not face Dalton-Brown. Despite his prediction that antimony sales and profits will run at about last year’s levels, he hopes that dividends can be maintained because of considerably higher gold revenue.

Last year the mine produced 221,664kg of gold at an average recovery grade of 0.47g/t. But gold losses in concentrates were almost double at 0.82g/t. With the plant to recover gold from oxide slag scheduled to come on stream during this year’s first quarter, gold losses should fall significantly.

Last year gold sales revenue was R2.5m which included payment for gold concentrates sold to customers. If gold averages only $650 this year, the mine’s increased capacity should mean gold revenue at least equal to planned capex this year.

On the antimony side, however, marketing problems could be in the offing. And for the longer term, the mine’s remaining life is in question. A year ago the remaining life was estimated by Dalton-Brown at eight years. While exploration in the vicinity of the mine and underground drilling have helped maintain reserves as yet no significant additions to reserves, have been reported. Meanwhile, net earnings, which in the annual report, the company is currently mounting an antimony exploration programme in Spain.

Completion of this year's capex programme should make the mine a more efficient and flexible operation. And there is no reason why mill head grades should not be maintained with the revised stoping methods. And still on the positive side, earnings now have a much sounder gold underpinning.

The difficulty in evaluating likely distributable earnings this year, however, lies in predicting antimony sales. Some 90% of the mine’s concentrates will soon be treated at the extended oxide plant. Customers who have funded the plant’s expansion may well have guaranteed to purchase its full oxide capacity. If that is the case, antimony sales could well be supported even if natural demand falls away as Western economies head into recession. Under those circumstances there is scope for a dividend increase this year. But that is probably fully reflected in the share price.
All systems go

Activities: Industrial holding company in the Anglo American group. Owns Boart International, Scaur Metals, Brunzeel Holdings, African Products (all 100%) and Mondi (62.7%). Investments include De Beers Industrial, Freight Services, Higheend Steel and LTA.

Chairman: G H H Reilly.

Capital structure: 27.8m ordinary shares of R1 Market capitalisation R547m.

Financial Year: To December 31, 1978.

Borrowings: Long and medium-term, R87.0m, net short-term, R37.5m.

Debt-equity ratio: 22.6%. Current ratio: 1.6. Net cash flow R81.7m. Capital commitments R107.4m.

Share market: Price 2.10 (1978-80 high, 2.550c, low, 1.260c, trading volume last quarter: 194,000 shares). Yield: 15.1% on earnings, 5.0% on dividend. Cover: 3.0. PE ratio: 6.6.

Return on capital: 21.0 18.2 19.5 23.3.

Loss margin: 318 327 491 736.

Gross margin: 22.2 19.4 18.8 22.0.

Earnings: 160 141 195 311.

Dividends: 65 70 80 105.

Net assets value: 1080 1168 1320 1747.

Although chairman Gavin Reilly warns shareholders not to expect a repeat of last year's 63% earnings increase, indications are that the group will at least be able to maintain its dividend growth rate at 30%.

The main reason dividends did not increase at the same rate as earnings last year was the increased retention of the major operating subsidiaries to take account of inflation and, in certain instances, to provide funds for expansion. Another factor, however, was that Amic held back a greater proportion of its investment income. Unconsolidated earnings covered the payout an unusually large 1.31 times compared with the average of 1.14 for the previous five years, indicating the scope to increase dividends even if the earnings growth rate slows down.

Also, Reilly's statement was written before the acquisition of a 35.25% interest in Haggie, an investment which is expected to boost earnings by about 5% based on 1979 results (Fox, March 28). On the 50c distribution from Haggie expected by the FM for 1980, the income from the 6.5m shares held by the group would be R3.25m, although the impact on Amic's own dividend income will depend on how much of this it receives from wholly-owned Scaur Metals, through which the acquisition was made.

Last year's earnings improvement was broadly based with all main operating subsidiaries contributing (see table). Results were enhanced by acquisitions made in 1978, particularly Mondi and African Products which were consolidated for only six and three months respectively in that year. However, the benefits were offset to some extent by changes in accounting policies of certain group companies which reduced taxed profits by R3.2m.

The thrust came mainly from higher domestic sales, the value of which increased by 32% compared with a 45% improvement in exports, and the proportion of exports to total sales consequently dropped from 33% to 31%. A total of 98% of earnings is now attributable to SA operations compared with 90.5% in 1978.

The biggest single contributor to last year's earnings improvement, at 26%, was Mondi, which now also includes the SA Forest Investment Group. This company benefited mainly from a firm market for fine papers and virtually doubled its net profits, although with the changes in Amic's holding the group share of this company's profits increased 154%.

A further paper machine is expected to be commissioned late this year, to be followed by a fifth in 1981, after which Mondi will have a capacity of between 450,000 and 500,000 t of paper products a year. This compares with Sappi's 560,000 t (including Carleor).

With this increased capacity, and a continued improvement in the performance of its timber and paperboard subsidiaries, Mondi is looking to higher profits again this year.

Scaur Metals and Boart International contributed 21.7% and 20.5% respectively to the improvement in group earnings.

Both benefited from buoyant mining industry conditions, while Scaur was also able to substantially increase export sales of railroad products. More recently, however, Scaw has noted a softening in the international market for railroad casting and for this reason the company does not see 1980 earnings improving to the same extent as in 1979.

Boart, on the other hand, has made a number of strategic acquisitions, the most important of which was a major interest (50%) in Klockner-Becorit (SA) and the partnership with the German parent of this Johannesburg coal mining equipment supplier is expected to be of substantial benefit to the group. It consequently sees a further significant increase in sales and earnings this year.

Group capex is likely to be significantly higher than last year's R81.3m. Apart from Mondi's fourth mill, which is expect-
ed to cost R70m, Sow is to spend about
R55m on a new bar and section mill, and a
grinding media plant at Rustenburg to
serve the platinum mines. But this should
not strain group resources as the bulk of it
will be covered by net cash flow which is
likely to total at least R100m this year.

In any case, the group is in excellent
financial shape and could well afford to
increase borrowings, currently a low
22.6% of permanent capital. Total debt
increased by R24m last year, associated
mainly in a restructuring of the long-term
short-term relationship. R28m in new
long-term loans were raised, while short-
term borrowings dropped R4m and now
account for only 48% of the total com-
pared with 62% a year ago.

The share at 210c looks very good
value. The historic dividend yield of 5.0%
is above the industrial market average of
4.7%, whereas, logically, a company of this
quality should be trading at a premium.
Ampl could distribute 14c this year which
adds to the attractions as the 6.7% pros-
spective yield should provide a measure of
protection even if interest rates turn high-
er.
Capital structure 19m ordinary shares, 45m preference shares, R2.6m capital commitments R3.3m Financial Year December 31 1979

Borrowings long and medium-term R3.5m, net short-term R4.7m Debt-equity ratio 28.8%, Current ratio 2.7, Net cash flow R4.3m Capital commitments R2.6m

Share market Price 1.775c (1979-80 high 1.80c, low 1.20c, trading volume last quarter 2.45m shares), yields 16.5% on earnings, 5.0% on dividend cover 3.3 PE ratio 6.1

Benefits from the past two years' rationalization produced a significant improvement in profit margins despite a relatively low turnover increase. And this year, though the rationalization exercise is all but complete, another profit advance is on the cards as the full effects of the product reorganization and cost cutting programmes are felt.

PRE-TAX PROFIT MIX

Pharmaceuticals, hospitals and surgical supplies 82.5%, Consumer-products 8.0%, Wholesale & retailing 9.5%

The growth in the profit contribution from the pharmaceutical, hospital and surgical supplies division is a direct result of last year's rationalization. MD Norman Nossel tells the E.M. that Adcock-Ingram cut down its range of low volume, low margin product lines. "We are not sales conscious, but profit conscious. We believe that our tendering is not subordinated by private sales. All tenders must be on a profitable basis," says Nossel.

Demand for products in this division was firm throughout the year. In the ethicals operation Adcock-Ingram re-established Keatings Pharmaceuticals to market licensed products alongside its ethicals operation. Adcock-Ingram re-established Sabax, in which Adcock holds 60%, had a "most satisfactory" year. In 1979 new manufacturing facilities were commissioned which use locally produced raw materials, saving some Rm in foreign exchange annually. New plant and machinery was also installed at the Latex Rubber products operation, which is broadening its marketing base and aiming for higher market share.

The Home Products division also rationalised its product range during the year, and Nossel is looking forward to an increased contribution. This, however, will mean higher marketing expenditure to increase market share.

Friday April 15 French Bank 5.5c

Gresham 11.5c Ned Equity 4.25c

Northern Engineering 21c Picardi Hotel 3c SA Bias Binding 35c, Sage 10.5c Wankie 3.85c Willem Barendse 8c

Meetings

Monday April 14 Natal Anthracite Metal Closures Standard Brass Ferroconz Zungum

Tuesday April 15 Amecol, NEI, Vryheid

Wednesday April 16 Cos, Mucklisson

Thursday April 17 Absorbat (Port Elizabeth), Apex, Durban Deep, EP News (Port Elizabeth) FRMU, Gaydon (UK) Superfine Robben Union

Friday April 18 Bruynzeel

All meetings are in Johannesburg unless otherwise stated.

Dates to Remember

Last day to register for dividends

Friday April 18 French Bank 5.5c

Gresham 11.5c Ned Equity 4.25c

Northern Engineering 21c Picardi Hotel 3c SA Bias Binding 35c, Sage 10.5c Wankie 3.85c Willem Barendse 8c

Meetings

Monday April 14 Natal Anthracite Metal Closures Standard Brass Ferroconz Zungum

Tuesday April 15 Amecol, NEI, Vryheid

Wednesday April 16 Cos, Mucklisson

Thursday April 17 Absorbat (Port Elizabeth), Apex, Durban Deep, EP News (Port Elizabeth) FRMU, Gaydon (UK) Superfine Robben Union

Friday April 18 Bruynzeel

All meetings are in Johannesburg unless otherwise stated.

Increased contribution. This, however, will mean higher marketing expenditure to increase market share. The Family Circle group of retail chemists is also concentrating on increasing its advertising expenditure. Chairman Jack Tannenbaum says the steps being taken are to assist chemists combat the market invades by the chain stores.

This year, with expectation of further improvements in profit margins, there should be another advance in earnings. However, the market has taken an apparently dim view of last year's dividend cover increase to 3.5c (2.61 times Nossel explains that the increase is not necessarily an indication of a permanently higher cover but rather that R2.6m capex is needed this year to finance a recent purchase at a low price, of land near Halfway House and new premises bought for R1.6m. Adcock has also recently revised its wage structure to ensure a stable work force.

With its relatively high dividend cover and strong balance sheet, the company has adequate resources for further expansion. An earnings hike to about 340c is possible this year, though this estimate may be conservative given the tax benefits that should flow from the R2.6m capex. At 1.775c Adcock stands on a prospective 5 PE, which is not expensive on a medium-term view.

Des Riddell

Financial Mail April 11 1980
Premium war a worry

Financial Reporter

Alexander Howden Group (South Africa) expects productivity and growth to increase in 1989, says the chairman, Mr. Monly Schapero, in the annual report. The group will benefit from the acquisition of Nathan Lazarus, as well as from rationalisation and reorganisation.

There is evidence that productivity measured as a ratio of turnover to number of staff has risen and the trend will continue.

Mr. Schapero expects further growth from African Pension Trustees, the employee benefit and financial consultancy division, and from Africover started in late 1979 for the black community. Africover has reached profitability much sooner than was expected.

Mr. Schapero says his optimism for 1989 is tempered by problems facing the group and all other insurance broking companies because of the premium rate war in the short-term insurance industry. Because of this problem, he is unwilling to predict group earnings for 1989.
Fedfood

THE LISTING of FederaSe Voedsel was suspended by the JSE yesterday at the company's request. Fedfood is engaged in negotiations for the acquisition of a large company, the result of which could have an effect on the value of its shares.
NEGOTIATIONS have been concluded by which Mitchell Cotts will acquire the total share capital of W J McIntyre (Pty) for a cash consideration of almost R1-million, a Mitchell Cotts statement says.

McIntyre is a Vereeniging-based company which specialises in the supply of precision engineering requirements to major industrial concerns in the Vaal Triangle and beyond, including Sasol at Secunda and Iscor in Newcastle.

The company will be a separate, wholly-owned subsidiary of Mitchell Cotts and will operate under the sales and distribution group of Mitchell Cotts companies, said the statement.

-- Reuter
FedEx said in a statement, the merger of the two operations will create South Africa’s largest international freight and express distribution network.

FedEx’s three shareholders will receive a payment of R270.6 million and a 25% equity stake in Samba valued at R117.6 million based on conservative projections.

The combined Samba-FedEx operations are said to contribute between R1.2 and R1.6 billion to FedEx earnings in the current year to March 31, 2014, the statement added. -Reuters
Alderson offer

Financial Reporter

ALDERSON & Futon Holdings says the consortium of Mr D W Abbott and Mr J E van der Burch, which has acquired about 41.5% of the issued ordinary A&P shares at 60c each from the Richards Kholy family interests, is now offering to buy other shareholders' shares at the same price.

Since the relisting of A&P shares on the Johannesburg Stock Exchange on March 18, the market price has ranged from a low of 70c to a high of 95c. The market price was 73c on March 25, but net asset value a share at June 30, 1979, the date of the latest audited accounts, was 97c.

As the JSE market price is higher than the offer price, the stock exchange has agreed that this offer can take the form of a stand-by offer which opened on April 8 and will close on April 25.

The company says that further to the interim report of February 15, trading results in all divisions indicate earnings for the second half of the financial year should substantially exceed those of the first half, and it is expected that the final dividend will exceed the interim.

The company is confident about its future, and the change of control should strengthen the current improvement in company prospects.

Providing sufficient stock is available, sales are expected to improve to record levels. The company is investigating the possibility of setting up additional outlets.

The company's long-term objective is to broaden its earnings' base of the group into other areas, but at the same time to strengthen its traditional areas of operation.
Cape Wine draws R174-million

By HAROLD FRIDJHON

The issue of 14-million shares at 113c in Cape Wine & Distillers, the new R225-million holding company for the Rembrandt/KWV/SFW wine and spirit interests, was oversubscribed nearly 11 times, Standard announced yesterday.

Applications received were valued at R174 950 000 and totalled 182-million shares.

When the offer was made at the end of March, 1-million shares were reserved for staff; these were oversubscribed 2½ times.

Six-million shares were to be allotted to "bona fide registered wine farmers and wine cooperative societies"; these attracted applications for 18 000 000 shares, an oversubscription rate of 3½ times.

The public allocation of 7-million shares was oversubscribed 18½ times, the issue attracting applications for more than 130-million shares.

The directors of Cape Wine will decide on a basis for allotment later this week; it is expected that the shares will be listed on the Johannesburg Stock Exchange on April 30.
**Twins Stand-by Offer**

The controlling shareholders and certain executives of W & A Investment Corporation are making a stand-by offer of 22p a share to the minority shareholders in Twins Pharmaceuticals.

The reason for this move is that since the intention to acquire control of Twins was announced, the ordinary shares have traded well above 22p.

The acquisition of the Twins shell — after which it will have a 60% shareholding in W & A — will mean that Twins will be the controlling company of W & A. Within a year, trading assets of at least 25% of total assets not connected with the current operations of W & A are to be introduced into Twins.

The ISK Committee has called for information from stockbroking firms on all transactions carried out by them in Twins shares from January 2 to February 22, inclusive.

The reason for the inquiry is the fluctuation both in the price and the volume of trading in the share in that time.
Thos Cook wants a home for R30m

By SIMON WILLSON
Industrial Reporter

THOMAS Cook, the world's largest travel company, expects to have an extra R30-million to invest this year and the company's chief executive, Mr Alan Kennedy, is in Johannesburg to look at expansion possibilities for Thomas Cook's South African operations.

The R30-million, in cash and shares, is expected to accrue from an international deal in which Cook will sell part of its traveller's cheque empire to a European holding company to create a world-wide traveller's cheque system.

Thomas Cook is looking for areas to expand with the new investment capital, and the Transvaal region is high on the list.

Mr Kennedy said at a news conference in Johannesburg yesterday he would discuss with the company's South African board the areas where Thomas Cook operations could profitably be expanded.

"We are interested in being simply a larger company in South Africa - we can see very sensible reasons why we should expand in the Transvaal area," he said.

Mr Kennedy said Thomas Cook has a network of 14 branches around South Africa.

"It is the largest European issuer of traveller's cheques, and deals in sterling, United States, Canadian, Australasian and Hong Kong dollars, French and Swiss francs, and Indian rupees worldwide through more than 26,000 outlets.

Mr Kennedy said the R30-million deal, which gave Thomas Cook a 20% stake in the new European holding company, did not represent a desire by Thomas Cook to withdraw from the world traveller's cheque market.

"In fact, it is a strategy to strengthen our position in the traveller's cheque field," he said.

"Traveller's cheque marketing over the next few years is likely to be dominated by big financial institutions which widen the area in which the cheques are accepted and guarantee the cheques' remittability.

"We decided the answer was to align ourselves with major financial institutions, so we reached this agreement to sell our United States, Canadian and Australasian dollar traveller's cheques to this new European holding company.

His company stood to reap the benefits of a larger sales volume and economies of scale.

Thomas Cook officials say the product of their traveller's cheque link with the European holding company will be a newly designed European traveller's cheque with increased world-wide acceptance because the leading European banks are expected to be part of the scheme, and a better emphasis on backing supported by the banks.

A possible barrier to any expansion of the traveller's cheque business in South Africa is the domestic and international strength of the credit card, but Mr Kennedy said he did not view traveller's cheques and credit cards as being in direct competition.

---

(1) 13,900 every year.

(2) Office and general expenses amount to about £2,000 every year.

(3) Direct costs, in the form of interest at 5% on capital employed at £750, for the year on similar work at a contract of £750.

(4) For the full job this would mean about £169,000.

(5) All the plant needed for subcontracting has been obtained for some years. £1,600 is the year's capital.
For the longer term, management is confident that the company's product will enjoy steady growth. But that is little consolation to investors with shorter-range objectives. Any significant market improvement is unlikely this year, and it is probably safest to count on a further contraction accompanied by keener prices with fixed overheads having to be carried by lower production tonnages.

While that continues, and particularly so long as the communist bloc can demand and get easy credit and payment terms, management could well take the attitude that additional earning retentions are necessary until the position improves. So dividends could well be under double pressure.

On an historic yield basis, the share looks ridiculously cheap—and it probably is for investors prepared to look beyond the problems of the next couple of years. But last year, parent General Mining cut its interest from 48.1% to 43.8% of the issued shares, helping to confirm that expected recovery will be a drawn-out process. Near-term, then, the shares are best reserved for speculative portfolios or for trading on price movements.

_ Jen Jones_
2,500 t of white fish, as well as two boats, but the initial contribution to group earnings will be small. The contribution to group earnings from the rationalisation of Riviera into Simba will be around 10c, while the group’s previous acquisition, Table Top, will add a further 10c or so.

Riviera, with a turnover forecast this year of about R20m, was bought relatively cheaply. According to Fedfood MD Jan Louw, the price was based on a PE ratio of about 5, which would indicate a direct contribution from the snacks and biscuit manufacturer of around 5c to the group.

These acquisitions have not been made without some strain on financial resources, especially as Table Top was purchased for R15m in cash. As a result, says Louw, the company is considering a rights issue soon to provide funds to finance further purchases. He adds that there are, in fact, no companies in line for acquisition right at the moment. The same comment, however, was made when Riviera was bought and the action did not stop there.

The effects of the recent diversifications are difficult to calculate in terms of group earnings, as the results for the year to end-March are not yet available. However, it seems reasonable to assume that last year will have resulted in earnings of about 85c, indicating a 16c final following the 13c interim. Dividend cover is being slowly raised in line with the group’s shift into the food sector and its increasing finance requirements.

Consolidation of Table Top and Riviera should push this year’s earnings to 95c, assuming no further purchases. With dividend cover indicated at about 2.5 times by the end of the year, total dividends should reach 38c, giving a yield of 7.9% on the re-listing price of 480c this week.

Scott Hawker
June, and the attributable portion from the 75% holding in Sharp, group earnings would have increased some R4c a share, after adjusting for the increased shares in issue and the interest costs relating to the cash portion of the purchase price. However, Sharp will only be consolidated from July 1.

In the half-year to end-December, Seardel earned 49.8c (34c) and paid a 6c (4c) dividend. These earnings followed a 19.5% turnover improvement to R60.7m (R50.8m) with better operating margins of 5.8% (4.8%). Last year’s earnings were split almost evenly between the first and second six months. This implies annual earnings could be in the region of 100c (75.9c), though this might be conservative as the group operated ahead of budgets in the third quarter.

Based on last year’s dividend cover, the total distribution should be around 18c for a prospective yield of 330c of 5.5%. And growth next year should be better once Sharp kicks in, adding perhaps 18c to earnings.

SEARDEL/SHARP

broaden base

what appears to be an attractive deal, Seardel has bought 75% control of Sharp electronics SA for R2.5m. However, as part of Seardel’s plans for Sharp, there will be an injection of at least R1.5m to ease current “financial pressures” and lay the foundation for further expansion.

Seardel is paying for the acquisition by issuing 150,000 of its own shares valued at 5c each for a total R75,000, and R2.03m in cash. Funds for the cash payment will be raised through long-term loans and will, temporarily, anyway, move Seardel off its chosen path to a reduced debt equity ratio. The acquisition could lead to a further increase in dividend cover from 1978’s 3.3 times. Last year, total group borrowings were R30.1m for a debt equity ratio of 129%, while the annual interest servicing was covered only 2.7 times by gross profit.

In 1979, Sharp earned about R1m after tax, which puts a PE of over three on the deal — low in terms of today’s market. However, the plans to inject at least R1.5m, effectively push the PE to nearly three, which means an earnings yield of about 20% — more in line with the average available in Diagonal Street but still attractive. The injection cannot accurately be termed part of the purchase price, though it would obviously have had a bearing on the amount Seardel was prepared to pay.

The acquisition is in line with Seardel’s policy of broadening its operating base. Seardel itself should report sales of R100m this year while the Sharp acquisition will create a group with turnover of over R125m.

The previous owners of Sharp have warranted that the company will report pre-tax profit of at least R1.5m for the year to end-1980. Based on Seardel’s estimate of its own profit for the year to end-
ELECTRONICS

Sharp shooting

The Cape-based Seardel Investment Corporation has bought a 75% stake in Sharp Electronics (SA). Purchase price is R2.5m paid on 150 000 shares at R3.10 each, and the balance in cash. The deal is effective from July 1 (See P02)

Sharp's management remains intact. Sharp chairman, Colly Fram retains chairmanship of the electronics company, and has been invited to join Seardel's board. "A very happy marriage," chorus Seardel chairman Aaron Seardel and Sharp MD Kurt Jensen.

Rationale for the get-together says Seardel is Seardel's policy decision "to broaden our base." At present group turnover is roughly R100m a year towards which apparel manufacture contributes 60%. The balance is taken up by leather tanning, toy manufacture, cleaning, shipping, and freight forwarding.

Seardel says the group was interested in investing in consumer goods. Criteria were growth potential, good management, and preferably an international brand franchise.

"Sharp scored full marks.

He expects Sharp's acquisition to add R25m a year to turnover and R2m to pretax profits. The electronics industry's growth potential for the Eighties is "fantastic," reckons Seardel: "and Sharp is a world leader in the field.

Sharp MD Kurt Jensen is equally satisfied. "The capital will facilitate rapid expansion in local manufacturing, and into new product lines.

Jensen says 1979 turnover for the Sharp group was R18m. He believes Sharp's 28% to 27% of the local car radio market, will in the next few years grow to 43%. "That's what we want. We have developed additional manufacturing capacity that will give us four times our present capacity.

Portable radios, now selling over R3m to R10m annually, are equally attractive.

Jensen says "At present we hold 11% We want to reach 20% in two years.

Paper copiers worth about R20m a year, are another target. "We hold 5% We want 10% in a year.

In calculators, Sharp holds 45% to 50% "And we will obviously try and expand this market.

Sharp now plans to enter the hi-fi market initially at the top end with imported units. "We hope to do R720 000 turnover in the first year. Next year we intend entering the locally manufactured hi-fi market. Thus should add R600 000 to turnover.

Jensen says Sharp hopes to double turnover on electronic cash registers from R80 000 to R160 000-R180 000 a month over the next two years. He also envisages big expansions in micro-wave ovens and closed circuit, professional TV studio equipment.
Rand London in shipping

RAND LONDON Corporation, which has built up lucrative export markets for its coal, granite and other mineral products, has entered shipping.

It has done so through its wholly owned subsidiary, Hochmetals (Africa), a trader in minerals, chemicals and other commodities, which has combined with Tradunter SA and Mr. Norman Stobart and Mr. Dave Barnett to form Tradunter Shipping, a freight brokerage and shipping management concern.

Tradunter Shipping, which expects to handle 70,000 tons of shipping a month initially, will act as brokers for part-charter cargoes of 1,000 tons and upwards, and contract to manage, for both exporters and importers, the full movement of their cargoes from works to port of delivery.

"We will not be forwarding agents, but will continue to use the services of several established forwarding agents to assist us in offering an efficient and competitive service to our various clients," said Mr. George Yssel, the company's managing director.

He foresees the biggest need for Tradunter Shipping's services in the break-bulk and smaller bulk parcel business, although the company was moving about 100 containers a month and expected this side of the business to become more important.

Apart from handling existing shipping business of Tradunter SA and several of its clients, Tradunter Shipping will handle much of Rand London's and Hochmetals export business. This will add to the strength of Tradunter Shipping in the freight market and the company expects to effect substantial savings in freight rates, by being in a position to combine larger freight parcels.

These savings will be passed on to clients resulting in substantial reductions in the overall freight costs on export and import.

"By the end of the year we hope to handle 100,000 ton freight a month," said Mr. Yssel.

The shareholders in Tradunter Shipping are Hochmetals (Africa) (Pty) which is owned by the Yssel family (37%) and Mr. Stobart and Mr. Barnett, holding between them 28% of the shares.

The board is Mr. Yssel, managing director; Mr. Selwyn Howarth, managing director of Hochmetals (Africa); Mr. John Whittle, a director of Hochmetals (Africa) and Mr. Stobart.

General manager of Tradunter Shipping is Mr. Charles Thomas, who has been managing shipping division of Tradunter SA (Pty) since 1977.
**Toncoro**

**acquisition**

**DURBAN** — Toncoro has bought the Port Elizabeth Brick Company (Pty) from Federated Timbers for an undisclosed amount.

Mr A R Kemp, chief executive of Toncoro, said the purchase was in addition to his company's expansion plans announced recently.

Port Elizabeth Brick company owns a large and modern complex of two tunnel kilns and one plant is producing common bricks. The other has been closed for the past two years and will be recommenced.
Messina has 387% boost in profit

By ADAM PAYNE

FEW, if any, mining/industrial companies could equal the profit performance reported by Messina (Transvaal) Development Company for the six months to March 31.

Net attributable profit rose 387% from R1 728 000 in the six months to March last year to R8 721 000 this year. This represents earnings a share of 73.2c (16.3c).

An interim dividend of 15c has been declared as against no dividend at the interim stage last year and a 10c final, for the year ending September.

The results reflect a fine performance by Datsun which is owned by Messina Income on the industrial side, mainly from Datsun, almost doubled income from R6 416 000 to R12 960 000.

Mining by the group’s copper mines was even more profitable, largely because of the higher copper price with income at R15 505 000 (R7 977 000).

Income before tax rose to R20 141 000 (R16 890 000) and then tax took a big bite at R7 206 000 (R2 855 000).

The sum of R4 124 000 (R1 215 000) was attributable to minority interests and deductible from the after-tax income of R12 945 000 (R10 003 000).

Capital commitments are marginally higher than at the time last year at R50 925 000.

Copper production was little changed in the six months, smelter production was lower and copper sales were lower than at the same time last year.

Mr W J Wilson, the deputy chairman and managing director, for whom was at the helm of Datsun when it was turned round from losses to profit, and Mr D A Thompson, a director, report that mining income rose substantially during the first half-year because of higher metal prices.

Income from industry also increased primarily because of improved profits from Datsun. Although metal prices could be lower, the continuing improvement in industrial profits should result in increased attributable earnings in the second half of the present financial year, they say.

Substantial loan repayments have been made during the past six months and as a result, the interest charged, at R4 516 000, is expected to decline with a resultant improvement in the group’s liquidity.
Cape Wine offer — the details

The allocation of shares in the heavily oversubscribed Cape Wine and Distillers public share issue shows a fairly well balanced distribution to the big and the small investor.

The issue, which attracted 8714 880 000 and was almost 14 times oversubscribed, offered shares in the new company — effectively controlling the South African wine industry — at £3.25 a share.

Merchant bankers, Sembank, announce that one in ten applicants for 100 shares will receive 100 shares, two in ten applicants for 200 shares will receive 100 shares and so on to nine in ten applicants who applied for 800 shares, who will receive 100 shares.

Thereafter, applicants for between 1 000 shares and 9 000 shares will receive about 7% of the number of shares applied for.

Applicants for between 0 100 and 11 000 shares will receive about 6%, while applications for between 1 100 shares and 59 000 shares will receive about 4% of the number of shares applied for.

Applications for between 50 100 and 125 000 shares will receive about 6% and applications for between 125 000 and 220 000 shares will receive about 3.5% of the shares applied for.

Applications for over 220 000 shares will receive about 3% of the application.

In terms of the "private" issue, employees subscribed for 2 887 000 of the 1-million shares on offer.

In this respect, applications up to 2 000 shares will be allotted in full.

Applicants who subscribed for 2 000 share or more will receive 2 000 shares plus about 16% of the excess subject to a maximum of 10 000 shares.

For the 6-million shares reserved for wine farmers, applications for 10 948 700 shares were received.

Applications up to 5 000 shares will be allotted in full, while those who applied for more than 5 000 will receive 5 000 shares plus about 13% of the oversubscription.
Lint of bigger SA stake

By NEIL BEHRMANN

IDON. — A report in The Daily Telegraph suggests that some 9,800,000 shares of Consolidated Gold Fields are held by Dr. Anton Rupert, and by Fidelity Life, a South African insurance company, and by London merchant banks.

The Daily Telegraph mining editor wonders whether Barlow Rand, however, has any interest in Consolidated Gold Fields.

However, Consolidated Gold Fields spokesman was unable to verify the theory.

The spokesman admitted that shares held by security nominees now amount to 38,387,000 shares or 26% of Consolidated Gold Fields' share capital.

When De Beers raised the market a couple of months ago, the company's admitted stake was 36,950,000 shares or just under 25% of the share capital.

The Daily Telegraph surmises that De Beers is building up its stake, but the spokesman commented that the holdings were under the cover of security nominees so it was difficult to detect the identity of the purchaser.
Rand London’s R6m buy

RAND London is to acquire Newclare Smelting Works, merchants in steel, industrial fasteners and hardware for R6 125 000.

The purchase price will be payable seven days after the ratification by shareholders of the deal and will be settled by the payment of R3 500 000 in cash and the issue of 1 240 000 shares in Rand London at a price of 25c.

The acquisition will complement the import and export business of the recently acquired Hochmetals (Africa).
Reverse takeover bid made for Skye

By DON ROBERTSON
Mining Editor

SKYE, a cash shell which was floated during the heady days of 1989 as a wig producer, is now the subject of a reverse takeover by the Johannesburg Mineral Corporation.

The purchase consideration is R4.475 million which will be settled by the issue of 4.5 million ordinary shares in Skye and 750,000 deferred shares and the payment of R1 million in cash, representing the bulk of the company’s cash resources.

This will secure a 90% interest in JMC — the remaining 10% being held by Government Gold Mining Areas.

JMC is currently negotiating a deal for the acquisition of certain claims over property on the East Rand and has entered into an agreement with Mesina regarding these claims. Should this come to fruition, Skye will issue to the vendors of JMC — Mr Joe Berardo, head of Waverley and Carrugs being the most important — a further 1.5 million deferred shares in Skye.

The deferred shares will not qualify for dividends for two years, but will then rank pari passu with the ordinary shares.

Skye will also purchase from Southern Prospecting (Pty) for R50 million or ordinary shares and R50 million deferred, the option on the issued share capital of Egoli Mining Company, which has an interest over a considerable tonnage of shimes on the East Rand:

Exercising the option will cost Skye R1.2 million in cash payable over 10 years.

The major shareholder in Southern is Mr Jim Wilson.

In addition, it will entitle Skye to the rights over certain gold-bearing sand dumps in the Germiston area.

JMC and its subsidiaries have the right to treat certain gold-bearing sand dumps and shimes dams on the East Rand.

At present, the main source of income is from the treatment of dumps and slimes at the SA Sands property. The Egoli potential is the mine and dumps at the old Modderbee mine.

The development of this prospect, which could involve the re-opening of the mine, will be costly, but initial plans suggest that it can be financed from borrowings.

However, current operations should produce earnings of at least 10c on the year to February next at a gold price of $400.

Out of this, it is expected that a dividend of at least 1c will be paid on the increased share capital.

The shares of Skye, suspended at 90c in February, will be relisted today.

The deal, the first reverse takeover for many years, will give Mr Joe Berardo his long-sought-after listing, but at the same time means that Mr Peter Gam, who acquired control of Skye in January, will relinquish this control.

The new board will be headed by Mr Berardo, with Mr Gam holding second position on the board.
74.5 + 34 = 108.5 = 54.9%

COMPETITION


takeover guidelines

The Competition Board is putting the finishing touches to its draft guidelines on mergers, take-overs and acquisitions. After inviting suggestions from organised commerce, industry, mining and the trade unions, the board has compiled a working draft which will be sent to interested parties for further study and comment, and possibly discussion before it draws up its final policy paper.

According to private sector sources, there are indications that the board will adopt a fairly permissive stance on acquisitions, so long as the rationale is growth "non-prejudicial to the public interest." But the sources say the board has intimat-

ed that it will pay close attention to acquisitions aimed at vertical integration particularly in the food industry, where notions of "conquering the market" (processors, manufacturers who have into retailing and vice versa) can arouse strong emotions among consumers.

At present the sources and the board appeared to be satisfied with the increased competitiveness of the food sector but it is clear that the board takes a pinch of salt when it comes to acquiring significant structural changes were taking place in the domestic industry to restrict competition, then new groups would be available for investigation.

Government hopes that it is full aware that in international standard, the market is small that it does not appear that the establishment of a multitude of companies in all economic sectors. It therefore believes there should be no unreasonable impediments on a concentration aimed at lowering costs and hence keener and more robust competition.

In addition to questions which would inevitably alter the structure of an economic sector and which would have the potential to restrict competition the board will continue to deal with non-competitive practices which could arise in industries where still not even the law intended to be able to potential competition to the existing con-

petitors out of the market. These sales where one product cannot be bought without another will bear investigation as will the related practice of "bulking buying," where a manufacturer insists on a customer taking a wide range of his company's products.

Other potentially anti-competitive practices include loyalty discounts on rebates designed to discourage customers from seeking alternative sources of supply. Supply restrictions to retailers restricting the sale of competitors-

pieces of paper or other mate-

gift into the examination room as are so instructed not to communicate with other nths except the invig-

ws must be handed to the com-

Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University.
Solid growth base

Activities Mining house with major interests in gold, coal, base metals and industry. Since the year-end the house has gained 100% control of Union Corporation Controlled by Federal Mynbou and associates, who after the rights issue, will hold 45.6% of the ordinary and 76.9% of the "A" ords.

Chairman and managing director Dr W J de Villiers

Capital structure. 78.3m ordainaries of 40c, 1.17m "A" ordainaries of 40c 250 000 69 cum prefs of R2 Market capitalisation R1 083m

Financial Year to December 31 1979
Borrowings long- and medium-term, R167.3m, net short-term, R24.4m - Debt equity ratio 42.6% Current ratio 0.5 Net cash flow R100.6m Capital commitments R73.5m

Share market Price R1 675c (1979-80 high, 3 300c, low, 785c, trading volume last quarter, 97 000 shares)
Yields 13.6% on earnings, 6.0% on dividend Cover 2.3 PE ratio 7.3

The past year has seen significant changes in the group, with strong performances from major income sources, and topped early in 1980 by the acquisition of Union Corp minorities and the build-up of strategic holdings in the portfolio. Whether any of these changes will have a major impact on earnings per share in 1980 remains to be seen, as the Union Corp tie-up is geared to a longer-term view, and there will be a significantly higher number of ordinary shares to service as part of the takeover and the subsequent rights issue.

The Union Corp takeover increases total assets of the enlarged group to R2 703m, against R2 541m as calculated on January 1, which with the issue of 3.7m ordinaries and "A" ordinaries, means a fall in net asset value to 2 135c (2 426c). According to the scheme documents, the consolidation of Union Corp in the year to end-December 1979 would have meant pre-tax profit of R20.7m, compared with Gemm's actual R218m, while earnings per share would have been 195c against the actual 235c - a 17% reduction. Against this, however, is weighed the longer-term expansion plans of the Union Corp group which includes Beusa and Beatrix, as well as its high quality industrial assets.

The main thrust of last year's consolidated profit advance came from gold interests platinum through Union Corp and Lydenburg and strong performance from the coal and industrial divisions Chairman Wim de Villiers saw the gold price received by the group increased 53% this year, and though the trend is uncertain, it foresees a significantly higher average for 1980 with a beneficial impact on profits. Uranium production rose 32% as a result of the Chemwes plant for uranium extraction at Beusa and Stilfontein, and radioisotope sorting at WTC Corso. Though uranium prices are currently weak, he currently expects a long-term improvement.

Coal sales were up 10% to 27.5 Mt last year, reflecting the commissioning of the first 2 Mt generating set and Erneio Mines where production is just short of 10 Mt. Profits from this source benefited from the domestic coal price rise and exports. De Villiers says there are signs of strengthening export prices. He reiterated statement during the year that no definite news can be expected of the fuel extraction plans in the Northern Transvaal, in consultation with Stranschem, until further steps have been completed. But it is possible to assume that De Villiers is ultra-cautious on the project and that start to capex is likely this year.

Prices for the group's base metals and chrome were not particularly buoyant last year, but an improvement is expected in 1980. De Villiers says higher prices are apparent in some 1980 contracts negotiated so far. However against this must be set downside risks if the US and the rest of the industrialised world slide into a deep recession.

The industrial division of Gemm relies to a great extent on capital investment in SA and although the general business climate is improving, De Villiers says the company has seen few signs of increased fixed investments. Gemm is embarking on a substantial investment programme, including a gearbox and axle plant in SA. Besides the Union Corp takeover, there have been significant changes since the year-end in the make-up of Gemm's portfolio. Investment income rose 46.2% last year to R75.3m (R51m) in line with higher dividends from gold and coal holdings, while the group's industrial interests performed much better. For example, Dunswart declared its first dividend in three years - a 20% total for the year.

Changes in the portfolio since the year-end include the swap with Old Mutual of Gemm's 19.5% of Lydenburg for a parcel of shares the cash purchase of 16% of Siemens SA an increased 47.3% (18.4%) stake in Trex, and the purchase of 8.1% in...
Sentrachem. An offer has been made for balance of Klein Aub.

**ATTRIBUTING PROFITS**

<table>
<thead>
<tr>
<th></th>
<th>1978</th>
<th>1979</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rm</td>
<td>Rm</td>
<td>Rm</td>
</tr>
<tr>
<td>Gold &amp; uranium</td>
<td>17.3</td>
<td>22.1</td>
</tr>
<tr>
<td>Platinum</td>
<td>2.7</td>
<td>3.1</td>
</tr>
<tr>
<td>Coal</td>
<td>9.8</td>
<td>12.2</td>
</tr>
<tr>
<td>Minerals</td>
<td>7.9</td>
<td>10.5</td>
</tr>
<tr>
<td>Beneficiation</td>
<td>10.4</td>
<td>13.6</td>
</tr>
<tr>
<td>Commerce/industry</td>
<td>5.4</td>
<td>9.9</td>
</tr>
<tr>
<td>Financial/other</td>
<td>1.5</td>
<td>3.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>77.9</strong></td>
<td><strong>103.6</strong></td>
</tr>
</tbody>
</table>

**INVESTMENT PORTFOLIO ANALYSIS**

<table>
<thead>
<tr>
<th></th>
<th>1978</th>
<th>1979</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gold/uranium</td>
<td>42</td>
<td>13</td>
</tr>
<tr>
<td>Platinum</td>
<td>18</td>
<td>14</td>
</tr>
<tr>
<td>Coal</td>
<td>14</td>
<td>16</td>
</tr>
<tr>
<td>Metals/minerals</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Industry/commerce</td>
<td>14</td>
<td>10</td>
</tr>
<tr>
<td>Financial/other</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Capex for the group this year is estimated at R72.3m (R291.5m), but, with the R189m proceeds from the rights issue, financing should not mean any need for dividend restraint. However, the capex figure could all or significantly, should a start be made on the Northern Transvaal coal and other mining projects.

Prospects this year look good, with gold likely to average significantly higher than in 1978, and the coal outlook has improved with firming export prices. Industrial companies in the group are also geared for strong performance. In particular, the Union Corp paper and packaging operations should turn in sparkling results. At 625c for a 6.2% historic yield, the share seems cheap compared with others in the sector. That may reflect investors' caution over near-term earnings per share based on the increased number of shares in issue. But it is a caution that may have been overdone - the house has a solid performance record.

Daughter
Two deals concluded by Rand London
since its contentious rights issue earlier
this year may provide some clues to the
future development of this company.
In less than a week Hochmetals Africa
(a wholly-owned RL subsidiary) has
announced the expansion of its activities
into shipping in conjunction with Trademetal
SA followed by the RLIm acquisition of
Newclare Smelting Works, whose main
activity is steel merchanting.
The picture which seems to be emerging
therefore, is that RL — as distinct
from its 78%-owned subsidiary, Rand London
Coal — is being developed primarily
as a commodity trading operation fed in
part by its other mining interests.
If this is so, then the restructuring of
the group, involving the floating off of its
cost and interests as a separate entity, takes
on a somewhat different light, being both
desirable and necessary in order to draw a
distinct line between the two basic and
fundamentally different operations — coal
mining and commodity trading — of the
group.
In the context of RL as a trading
company, the acquisition of Newclare
Smelting is a major expansion and adds
steel merchanting to operations which
have traditionally centred around mineral
trading and the export of PVC products.
Newclare also acts as a distributor for
National Bolts and has some hardware
interests, although these apparently
account for a relatively small proportion of
earnings.
The acquisition will not have any major
impact on 1980 earnings, according to RL,
and the 41c forecast for the year to June
therefore still holds good. In 1981, however,
Newclare is expected to account for
15% of profits which, after taking into
account 1,24m new RL shares issued in
part-payment, suggests a boost to earn-
ings per share of about 8%.
The shares were issued at 225c for a
total of R2,79m, and the remainder of the
purchase price was R3,3m cash.

— Brian Thompson

Financial Mail April 25 1980
Field SA loses Zimbabwe link

Financial Reporter

The UK holding company of Field Industries, Hunting Associated Industries (Hall), proposes to separate its South African and Zimbabwean operations, according to Union Acceptances.

Hall's stake in Field Zimbabwe is held through Field South Africa. Splitting the company means Field South Africa will part with its Zimbabwean assets.

As a result, for every Field share they hold, Field Industries shareholders in South Africa will receive two unlisted shares in Field Zimbabwe, or 60c in cash if they prefer.

The Field share price before suspension was 75c, so the current offer puts a relatively high price on the Zimbabwean operation, which in the past has contributed roughly half of Field Industries' profits and dividends.

SA shareholders seem likely to find the cash a preferable alternative to shares in an unlisted company in a country that might not always be as well disposed towards South Africa as in the past.
IMF dealing slack after JSE debut

By ELIZABETH ROUSE

IMF GROUP, the industrial fastener company which emerged from the reverse take-over of the Sand Consolidated property company, made a lethargic debut in the engineering sector of the JSE this week. After 91 200 shares changed hands on Monday and Tuesday at a price range of between 110c and 115c, activity slumped, although the price held up at 115c.

IMF's prospects look good and potential dividend yield is about 10%, which is better than National Bolts 6.3%, but the market appears to be hesitant about the share.

IMF forecasts a taxed profit of R1 800 000 for the year to June 1980, or 21.4c a share, calculated on 6-million shares in issue over a full year. A 5c dividend will be paid for the six months to June.

Policy is to keep the dividend twice covered. Output is being increased by 30% to meet expected increased demand for fasteners and the dividend for 1981 could well be 13c.

The truncated listing statement shows that the IMF Group, including its two subsidiaries, Indfast and Diabros, made a taxed profit of R776 000 in the year to June 1979 and R726 000 in the six months to December 1979.

The group went through three lean years, but in 1978, taxed profit leapt to R677 000, according to adjusted figures, from 1977's R560 000.
Fedics nou volle SA maatskappy

FEDICS — deel van Federale Volksbeleggings sowel as van Imperial Cold Storage — is nou 'n ten volle Suid-Afrikaanse maatskappy. Hierdie twee aandeelhouers het die een-derde-aandeelbestig wat Trusthouse Forte Group besit tot, in gelyke hoeveelhede uitgekoop.

Die voorsitter van Fedics, mnr. Peet van der Walt, het vandeesweek gesê dat Federale Dienste — 'n filiaal van Federale Volksbeleggings — en ICS nou elk 50 persent van Fedics se aandele besit.

'N Ooreenkoms is egter met Trusthouse Forte aangegaan, waarby Fedics nog steeds 'op die spysenieringskundigheid van hierdie -internasionale hotel-, ontspannings- en spysenieringsgroep kan staanmaak, veral waar toekomstige internasionale ontwikkelings in die spysenieringsbedryf moontlik in Suid-Afrika toegpas kan word.

Fedics is in 1971 deur Federale Volksbeleggings en ICS gestig en Trusthouse Forte het daarna een-derde van die aandeelbestig bekom.

'N Nuwe bestuurbende direkteur is by Fedics aangestel, is vandeesweek aangekondig. Hy is die 41-jarige mnr. David Wigley, voormalige groepshoofbestuurdier sowel as 'n uitvoerende direkteur vanSouthern Suns Hotels tot nou toe.
Anglo building up stake in Congold?

By NEIL BURHANN

LONDON — A report in the Daily Telegraph suggests that Anglo American is building up a 4-5% stake in Congold, a South African precious metals company. Official sources at the company, however, rejected the report.

The report states that Anglo American is looking to buy up to 10% of Congold's shares, which would give it a significant stake in the company. The report also states that Anglo American is in talks with the South African government to acquire a larger stake in Congold.

When asked about the report, an official at Congold denied any talks with Anglo American. The official said that Congold has no plans to sell any of its shares to Anglo American or any other company.

The Daily Telegraph has reported in the past that Anglo American is interested in investing in the South African mining sector, particularly in platinum and palladium. The company has already invested in several South African mining companies, including Lonmin and Impala Platinum.
Group gets Samstel control in R2,6m deal

BY ELIZABETH HOUSE

A CONTROLLING interest in Sam Steele Holdings has been acquired by two senior members of Davis, Borkum, Hare & Company Inc, two Samstel directors and three independent entreprenuers.

The deal is worth R2 587 000, the consortium having paid 52c a share for 4 900 000 Samstel shares, constituting 41% of the share capital.

A similar offer of 52c a share will be made to minorities. Undoubtedly, they will go along with the new board, both on development prospects and on offer-price considerations.

Samstel shares were trading at 52c ahead of suspension and account must be taken of last year's 6c dividend, so the offer-price is not attractive.

The consortium was obviously formed by Samstel managing director, Mr Monty Goldberg. His partners (now members of the reconstituted board) are Mr Norman Steele of Samstel, brokers Mr Max Borkum and Mr H A Hare, Mr W Imre, son of the late Mr Jim Imre, and Mr H A McNeil and Mr J N Sharland.

A joint announcement by Davis, Borkum, Hare and Samstel says the immediate objective will be to take advantage of the furniture group's potential and to stimulate and expand its 72 retail household furniture outlets in a healthy consumer market.

Wholly-owned Steel & Barnett is the manufacturing arm, while retailing is done through Eastvaal, Remmers & Niss with Protea Furnishers.

Samstel shares will be re-stated today and should react well to the takeover news.
Old Mutual bid to strengthen stake in Tiger and ICS

BY PAUL DOLD
Financial Editor

The Old Mutual has moved swiftly to thwart any possible bid by rival groups for control of the major food giants Tiger Oats and ICS, and both shares were suspended yesterday pending the outcome of discussions between the Mutual and the respective boards.

The talks are aimed at the restructuring of Old Mutual’s food and related interests, according to an announcement yesterday.

An earlier takeover bid by a rival group is said to have been closely examined by the food sector for expansion opportunities.

Old Mutual recently bought Table Top and Riverina Foods, which underlined the emphasis the Federated Group was placing on growth in this sector. Thus the talks now underway seem aimed at pre-empting any approaches from predator groups succeeding.

Old Mutual’s managing director Murray Davy said that negotiations were being continued and that the talks had not yet reached a conclusion. However, the talks are aimed at the restructuring of Old Mutual’s food and related interests.

Old Mutual’s bid is said to have been launched with the intention of strengthening its position as a major shareholder in both Tiger and ICS, in order to acquire a controlling interest in both companies.

The Old Mutual bid is heavily supported by the company’s own shareholders, but it is expected that the bid will face opposition from other groups seeking control of Tiger and ICS.

In this regard, Old Mutualbid is said to have been initiated by the boards of Tiger Oats and Imperial Cold Storage, and the bid is expected to involve a substantial stake in both companies.

The suspensions of Tiger Oats and Imperial Cold Storage, and the bid for ICS, are seen as a significant move by Old Mutual to strengthen its position in the food sector.

Daly, the merchant bank handling the deal, said in a statement yesterday that the suspensions of Tiger Oats and Imperial Cold Storage were aimed at preventing discussions on the restructuring of Old Mutual’s food and related interests.

In this regard, Old Mutualbid has been welcomed by some analysts as a strategic move to enhance its position in the food sector.

The suspensions of Tiger Oats and Imperial Cold Storage, and the bid for ICS, are seen as a significant move by Old Mutual to strengthen its position in the food sector.

Old Mutual’s bid is said to have been launched with the intention of strengthening its position as a major shareholder in both Tiger and ICS, in order to acquire a controlling interest in both companies.

The Old Mutual bid is heavily supported by the company’s own shareholders, but it is expected that the bid will face opposition from other groups seeking control of Tiger and ICS.

In this regard, Old Mutualbid is said to have been initiated by the boards of Tiger Oats and Imperial Cold Storage, and the bid is expected to involve a substantial stake in both companies.

The suspensions of Tiger Oats and Imperial Cold Storage, and the bid for ICS, are seen as a significant move by Old Mutual to strengthen its position in the food sector.

Daly, the merchant bank handling the deal, said in a statement yesterday that the suspensions of Tiger Oats and Imperial Cold Storage were aimed at preventing discussions on the restructuring of Old Mutual’s food and related interests.

In this regard, Old Mutualbid has been welcomed by some analysts as a strategic move to enhance its position in the food sector.

The suspensions of Tiger Oats and Imperial Cold Storage, and the bid for ICS, are seen as a significant move by Old Mutual to strengthen its position in the food sector.

Daly, the merchant bank handling the deal, said in a statement yesterday that the suspensions of Tiger Oats and Imperial Cold Storage were aimed at preventing discussions on the restructuring of Old Mutual’s food and related interests.

In this regard, Old Mutualbid has been welcomed by some analysts as a strategic move to enhance its position in the food sector.

The suspensions of Tiger Oats and Imperial Cold Storage, and the bid for ICS, are seen as a significant move by Old Mutual to strengthen its position in the food sector.

Daly, the merchant bank handling the deal, said in a statement yesterday that the suspensions of Tiger Oats and Imperial Cold Storage were aimed at preventing discussions on the restructuring of Old Mutual’s food and related interests.

In this regard, Old Mutualbid has been welcomed by some analysts as a strategic move to enhance its position in the food sector.
Financial Editor

ROMATEX has boosted earnings and dividends by 46% for the 12 months to March 31 on turnover up by only 15%.

The Natal textile group is now controlled by Barlows through C G Smith.

It has changed its year end to September 30 to coincide with Barlows, but today's 12-month figures are directly comparable with those of the previous financial year.

A second interim dividend of 24c has been declared which, with the first interim payment of 11c, gives 35c against the 1978-79 total of 24c.

Earnings a share are up from 54.5c to 79.8c.

Attributable profit increased from R13 300 000 to R19 million.

Turnover rose by only an inflation matching 15% from R21.6 million to R23.1 million.

The disproportionate profit rise — 46% after tax — came about mainly through the switching from low to high margin operations, notably the closing of the grain-bag operation and from the extra contribution from Island View Holdco which became 100% owned last year.

The rise in pre-tax profit was even higher by 55% from R12 million to over R14 million — but a extension of the life depreciation pressures from under R2 million to R4 million had a tax-saving effect on the profit.

A final dividend for the 12-month period will be paid.

On yesterday's price of 390c, the share yields 14.1% on earnings and 6.1% on dividends.
Old Mutual in Tiger, ICS talks

Financial Editor

MAJOR talks affecting food groups Tiger Oats and Imperial Cold Storage are in progress.

They have been initiated by the Old Mutual which has a stake of about 17% in ICS and also holdings in Tiger Oats and some subsidiaries.

Tiger in turn has approximately 14% of ICS.

The shares of Tiger, ICS and Common Fund, which has a consequential 17% in ICS, have all been voluntarily suspended on the Johannesburg and London stock exchanges.

Union Acceptances says the proposals being discussed "will have no effect on the business operations or independence of Tiger or ICS."

It said the Old Mutual had "initiated discussions between the boards of directors of Tiger Oats and ICS a with a view to restructuring Old Mutual's major interests in the food and related industries."

In 1979 Tiger had sales of R541-million and made a taxed attributable profit of R29-million.

The chairman, Mr Rudi Frankel, said in his annual review, however, that trading margins remained under pressure and that taxed profit as a percentage of sales dropped to 4.2% against 4.6% in 1978.

He said that Tiger — whose main direct rival is Premier Milling, but which faces many smaller competitors in various areas — was finding "intense competition" in its principal activities.

ICS will soon report for the year to February 28.

It made R7,676,000 pre-tax in the half-year from sales of more than R500-million in the previous full year.
Plevans

profit

71% up

PLASCON-EVANS Paints had net taxed profit of R5 752 000 for the six months to March 31, 1980, compared with R3 546 000 for the corresponding period a year earlier.

Thus Barlow Rand company's increase in profit is 71.8%. Turnover at R11 707 000 was up 23.3% on the previous year's R8 965 000.

A 25% higher dividend of 5c has been declared. On earnings of 21.1c a share, this gives a dividend cover of 4.22 and compares with a dividend of 4c on earnings of 12.3c for a 3.08 cover in the first half of the 1979 period.

The company reports that the brisk trading conditions experienced during the period are expected to continue for the rest of the year. However, it warns that although earnings for the full year to September 30 will show a satisfactory increase over the 33.6c recorded in 1979, rising raw material costs will continue to erode margins.
Amrel doubles profit - and pays 28.5c final

By Jean Moon

On a 65 percent boost in turnover to R126.6m, Amalgamated Retail (Amrel) has more than doubled its attributable profit to R8.4m for the year ended March 1980.

The final dividend has been raised 63 percent to 28.5c a share, making the total distribution for the year 77 percent higher at 41.5c a share.

On a larger number of shares in issue resulting from the acquisition of the shoe division, earnings rose 76 percent to 124.2c.

Directors thank a buoyant economy pushing turnover in the furniture sector higher, better store settings, improved operational controls, and the full integration of the shoe division, producing better than expected profits, for the exceptional rise in profits.

They also expect Amrel, with its roots purely in retail activities, to benefit more than most from the budget concessions and point out that it is well placed to take advantage of the opportunities which they feel sure will arise.

Next year's results were expected to show a similar factor improvement.
Amrel brings more good news for SA Brews

By Howard Preffe

Financial Editor

THE MONEY must be pouring into SA Breweries even faster than its beer is poured down the customers' throats. Amalgamated Retail, the furniture and shoe retailer 61% owned by SAB, has reported taxed attributable profit up 11% from R182 900 to R201 000 for the year ended March 31.

The final dividend has been raised from 16.5c to 21.5c to boost the total for the year to 41.5c against 21.5c in the previous year.

Profits were, however, given the extra benefit of the inclusion of Shoe Corporation's retail division and the additional shares issued to SAB in return had the effect of diluting the rise in earnings a share.

The rise, however, was still a hefty 74% — from 70.5c to 122.5c.

Amrel's spectacular profit jump is yet another manifestation of the surge in consumer spending — comes immediately after the confirmation that OK Bazaars is back in the big time profit growth.

Add Southern Sun and the whole liquor bonanza and it is evident that some remarkable results will be coming from SAB for the year to March 31, 1980.

But even these will surely pale by comparison with 1980-81 when the full impact of Sun City is felt and when all the benefits of the beer monopoly are realized.

Of course, at 198c SAB shares are already discounting plenty.

Back to Amrel, Turnover was up by 45% last year from R177 million to R127 million, of which R93 million, however, came from the inclusion of the shoe business.

Furniture sales were up by "only" 23%.

This means that Amrel has succeeded handily in re-

- maintaining costs and improving margins on the greater volume of business;

It is an indication of the growing effect that the economic upturn can have on profits.

A statement accompanying the results says: "On prospects the directors point to the recent Budget in which the Minister of Finance once again emphasized consumer spending as the key to continued and sustained economic growth.

"Amrel, which has its roots purely in retail activities, should benefit more than most from the Budget concessions and is well placed to take advantage of the opportunities which the directors feel will arise.

"This, coupled with the growth taking place within Amrel itself, makes the directors confident that the results will show a satisfactory improvement in the current financial year.

Amrel shares were up 6c yesterday to 60c, at which price they yield 20.3% on historic earnings and 6.6% on dividend.

—
Escom pension fund in R10m Sandton deal

By SIMON WILLSON
Industrial Reporter

IN ONE of the biggest property investments by a pension fund, the Escom pension fund has bought a 25% individual share in Liberty Life's Sandton City complex for just over R10-million.

Extensions to the Sandton City complex being planned by Liberty Life will take the value of the total investment by Liberty and Escom to R110-million, and the Escom fund has committed itself to maintaining its proportion of the investment, giving it a possible share value ceiling of R25-million.

The deal was the culmination of negotiations which began last December when Liberty Life handled the Escom fund's portfolio of property ventures before, this deal is the 10th and biggest.

The Escom fund has commissioned a number of studies about the viability of the planned extensions to the Sandton City complex and the likely effect they will have on the Escom investment.

"This is theoretically a big deal at a potential figure of R25-million, but that is still only a projection at this point," a fund spokesman said yesterday.

We have not signed a blank cheque here. We will be continually evaluating the details of the extension.

"There may be some developments which will be too big for us, or which may not be profitable in terms of other investment possibilities, but we may have to open to us, so we will at all times retain our identity in decision-making," the spokesman said.

Mr Michael Rapp, of Liberty Life, said yesterday: "We are pleased with the deal because we wanted a significant institutional partner with us. We already have a close association with the Escom pension fund from our past deals.

"It may well be our intention to bring in another pension fund partner, but nothing is final at this stage," Mr Rapp said.

Liberty's interest in the Sandton City complex dates to 1978 when it acquired Rapp & Master, which then owned a half-share in the Sandton Development Group, which owns Sandton City, Esso House and 27 hectares of prime development land alongside the office and shopping blocks.

Liberty then took over Life-town Investments stake in the group for R18-million to get 100% of the group, bringing the value of Liberty's property interests to about R250-million.

The planned extensions to the development of the Sandton City complex, valued at between R60-million and R80-million, are still on the drawing board, but are said to mean good news for Liberty policyholders and pension-fund clients as it is believed that the Sandton City-Esso House development was acquired on a yield of about 9%, discounting the value of the undeveloped land.

Liberty's success in large-scale property investment is illustrated by its development of the R40-million Eastgate shopping centre. Less than a year after opening, the complex is fully let and yielding 11% on the investment.
Afcol's profit rises 105 pc

By Colin Campbell
Deputy Financial Editor

What else can you say about a 105 percent rise in year-end profit and a 107 percent increase in the year's dividend than 'excellent'.

Afcol today reports that, and though it cautions that the current year is unlikely to see the same rate of increase, it nonetheless expects another good year ahead.

Sales rose by 22 percent to R142m, and attributable income leapt from R6.5m to R15.3m, thanks to higher sales volumes, improved capacity utilisation and a higher level of profits from associated companies.

Afcol recently topped up its Romalex interest to 21 percent, the net effect of which for the period under review was to increase earnings by 2c a share had the Romalex transaction been effective for the full year, then earnings would have been 19c a share higher at 67c a share.

The final dividend for the year ended March is 18c a share to make a year's payment of 29c compared with 14c a share previously. The 39c a share payment covers net earnings of 57c a share nearly 2.0 times.

The board is positive about this year's prospects. The overall economy looks good and the expected building industry activity will benefit all areas of Afcol's investments. There will be a full year's benefit from Romalex, let alone the benefits of growth. At 360c Afcol yields 81 percent.

REQUEST OF A GENERAL PH D ACTS IN THE SECHWAN

(OR NAMA): KAFIR
NS. PHIL. SOC LONDON

-71.
OF XHOSA SOUNDS, 66
Afcol profit doubled, final is 18c

Financial Editor

ASSOCIATED Furniture has more than doubled profits and dividends for the year to March 31, 1989, in yet another surging performance from the SA Breweries group

SAB owns 56% of Afcol, the furniture makers

Afcol boosted taxed attributable profit last year by 105% from R6 868 000 to R13 911 000

The final dividend has hounded up from 7c to 18c to give a total of 28c, compared with 14c the previous year

Earnings a share were up from 26c to 57.6c

The results are way ahead of forecast — the directors' original estimate was earnings of 48c

What is remarkable is the extent of the profit boost from a modest increase in turnover — up by 22% from R116 million to R142 million

That was sufficient to generate an 80% rise in gross operating income from R87 829 000 to R160 890 000

The directors say "Improved economic activity in the second half of the financial year led to increased sales, higher capacity utilisation and, therefore, profits

"This also applied to those whose businesses are for which we equity account for profits but whose sales are not included in the group turnover"

For most of the last financial year, Afcol had major investments in stable companion Amalgamated Retail and in Barlows and Romatex

The sharp rise in dividend income from R1 674 000 to R4 575 000 and this sent full attributable profits to the 185% rise

Afcol has, however, increased its stake in Romatex from 10% to 22% in a deal which included selling all its Amarel shares to SAB and most of its Barlows shares to Romatex sellers

The Afcol directors say "Additional earnings will flow (this year) from the Romatex investment which will then have been held for the full financial year"

They say the 1989-90 figures included only 2c a share earnings from Romatex, whereas had the deal been effective for the full year earnings would have been 6c instead of 57.6c

The directors forecast "While the same rate of growth in earnings a share cannot be expected in the coming year there is good reason for optimism with regard to the quantum of expected earnings"

"The improved outlook for growth in the overall economy coupled with expected building industry activity will benefit all areas of Afcol's investments"

Afcol shares were priced at 360c yesterday, offering historic yields of 10% on earnings and 8.4% on divident

These must look attractive if the overall market perks up
Sage sees boost

Financial Reporter

SAGE Holdings expects to benefit this year from the housing boom through its subsidiary Schachat.

The Sage annual report shows surprisingly on the surface, that Schachat incurred a loss in 1979.

But it points out that construction profits are only taken on occupation of new homes, which generally occurs from six to nine months after a contract has been signed.

Schachat's adverse results for the first half of the past year reflected the poor sales and low margins on trading in 1978.

Although demand for new homes began to show a meaningful improvement from mid-year, results in the second six months of 1979 continued to be affected by poor sales in the early part of the year.

The report reveals that Schachat's home sales were approximately 1.96 million last year as they did in 1978, after slumping below 1.29 million in 1977 and 1978.

So Sage can expect a solid profit contribution this year from Schachat.

However, the directors caution that "serious shortages in labour and materials, notably bricks, have developed which will have an adverse impact on anticipated profitability in 1980."

Among other points in the report are:

- It is expected that the group may be subject to a higher overall incidence of taxation in 1980.
- The directors note that "the 1979 financial statements reflect significant growth in the group's total assets to £104 million at the year-end. Sustained improvements in its overall financial structure and satisfactory borrowing ratios which make it possible to pursue the further development of the entire group from a strong financial base."
- If managed funds under the group's control are taken into account, the total net tax-exempt income generated under the management of the group now exceeds £10 million a year.
Mine pension funds take R8,6m stake in Clicks

THREE of the large mining industry pension funds have bought a 33% percent stake in the Cape Town based Clicks Stores which at current market prices puts a R8,6m price tag on the deal.

The three funds are the De Beers fund, Mine Officials and the Mine Employees Fund The De Beers fund alone has bought some 1m shares.

The purchases were confirmed this week by Clicks' chairman, Mr Jack Golden, who said the pension funds had taken up Greaterman's entire stake in the group.

Greaterman probably sold its shares due to the need for generating finance for its ambitious development programme.

The deal will considerably increase the stature of this fast-growing specialist discount gift and toiletries chain.

Clicks' potential was underscored by its recent interim profit statement which disclosed that earnings for the six months were close to those for the entire previous year. At the half-way stage earnings per share were 13,2c (18,5c for the previous year) and a 5c interim dividend was declared.

Both sales and profits are running strongly in the second half, although margins are being shaved to increase Clicks' share of the toiletries market where there is intensive competition between the chains.

Earnings for the full year could reach 26c with a dividend of 11c being feasible if the group does manage to achieve these profit levels the share price will still be on a miserly yield of around 4 percent, but I believe in assessing the price/cashflow should be taken of the considerable longer-term earnings ability.

While the short-term outlook is attractive the medium term prospects are far more interesting. The group is gearing for its largest-ever expansion and budgets provide for a quadrupling of trading area from the current 14 186 sq m to over the next five years.

The bulk of the stores are in the Cape (18) with six in Natal and only nine thus far in the Transvaal. Undoubtedly the Transvaal will become Clicks' major market. Several store openings are being planned along the Reef. At least four to five new branches will be added each year in the five year programme.

Store sizes are being steadily upgraded from the current 400 to 600 sq m to 1 400 sq m which should ensure ever higher returns on sales. And there seems little doubt that viewed against the background of Golden's flair for retailing that profits will at least maintain the same growth.

Apart from the traditional toiletries and gift business Golden is considering expanding into related fields and, if currently sifting through several proposals. The group is flush with cash and an acquisition or two cannot be ruled out.

Will Golden decide to plunge back into food? He founded the fledging Pick 'n Pay and then sold out to Raymond Ackerman, and was the pioneer of food discounting in Cape Town.

"I am being seriously tempted," is all he would say.

But the withdrawal of Greaterman (who own Checkers) is bound to heighten market speculation that Golden will join battle in foods. Although the market is fiercely competitive, he is acknowledged as one of the best discounters in the country and few doubt his ability to rapidly become a force in this field as well.

Part of that new thrust towards expansion into other retail fields no doubt flows from the able management team at Clicks and the base at the Cape Town head office which can handle a far larger branch structure than the current 35 stores.

In a few days time the new IBM in-house computer will go live, increasing capacity still further. Clicks is designing its own computer programmes which will thus be tailor made and the management depth is apparent from Golden's two audes, either of whom can automatically take over running the firm should the necessity arise.

They are directors Jürgen Kritzinger and Brian Jones.

The rest of the management team consists of Raymond Godfrey, Martin Susskind, Robin Spengler, Trevor Honeysweet, Grant Smith, Peter Green, Stephen Rom, Jerome Lewin and Willie Gouws.

Expansion for the present is likely to be firmly focussed on South Africa although the Clicks type operation could have potential in Australia and elsewhere.

The two card and gift stores in Los Angeles are trading profitably but scheduled further growth in the United States has been postponed until the economy has moved through the current downturn.
Retco nog ryp vir oornamie

RETCO is steeds ryp om oorgeneem te word en die mislukking van die aanbod van 'n groep pensioenfonds moet grootskaals toegeskryf word aan onervaring in die fundse en twee spalt in die geledere.

'n Aanbod sou gemaak word teen tussen 90¢ en 100¢ per aandeel wanneer dit is wat die bates van Retro werd is op 'n gekapitaliseerde opbrengs. Die basiese probleem was dat geen van die fondse betrokken was om die aandele self te koop nie maar hulle wou kyk na die eiendomme in die groep.

Ryk 'n mens na die jaarverslag tot einde November 1979 is die volgende duidelik:

Inkomste vanaf die eiendomme was bykans R12 miljoen Kostes het R4,3 miljoen, of 38 persent hervan opgevore. Die gevoel is dat hierdie koste ver te hoog is en dat dit so laag lyk as 25 persent van bruto inkomste behoorde te wees. Op hierdie koste kan daar aan stel beraap by beraap word.

Administrasie kos 'n verdere 6 persent van bruto inkomste. Dit behoort volgens ingelyste bronnie meer as 4 persent te wees nie, en vir 'n portefeuille van Retro so groot kan dit selfs so laag lyk as 3 persent wees.

Rente op verbaand 37 persent van die bruto inkomste bedra en selfs op hierdie koste kan beraap by beraap word.

'Onthouding van Retro se eiendomme toon dat minstens 75 persent daarvan vir die meer konservatiewe pensioenfonds-belegger aanvaarbaar sal wees. Tot snee van 30 persent van die totale portefeuille kan selfs as uitstaande eiendomme beskryf word.

Nogmaals is die aandele van die maatskappy vir min fondse aanvaarbaar.

Dit is interessant om daarop te let dat die fondse 'n gekapitaliseerde opbrengs van meer as 10 persent per jaar gebruik het om hul waardbebepaling van Retro te maak en teken hierdie opbrengs was die aandele ongeveer 1000 stuk per jaar. Interne en externe beleggings deur hierdie selfde fondse word tans teen 'n gekapitaliseerde waarde van 30% as 6 persent per jaar gedaan.

Waardebepaling op gekapitaliseerde waarde betekenis dat slechts die 'ongebane' portefeuille met 'n opbrengs 'n waarde het. Retro besit byvoorbeeld Arbitrage, 'n pragtig grond reeds die Beursgebou wat nou as parkeerplek gebruik word. Die grond is destyds aangekoop vir R6,4 miljoen en is nie deur die fondse in berekening gebring nie hulle waardebepaling nie.

Verder het Retro ook 'n klompie hotelbeheer en ander onontwikkelde of half-ontwikkelde eiendomme wat deur 'n ontwikkelaar vinnig en meer waardevolle eiendomme ontskoon kan word.

Daar word gevoel dat indien Retro sy eiendomme wat inkomste lever sou verkoop, 'n netto bedrag van R65 miljoen tot R70 miljoen gein kan word en dat die groep dan nog gelaat sal word met bates van minstens R10 miljoen.

Die mislukte poging om Retro oor te neem het minstens die volgende uitgewys:

* SA Brouery en Federated Employees is redelijk gewillige verkopers

* By omhulding van die maatskappy is die aandele hekel wat meer was dan die huidige 55c - 60c per aandeel

* Byna al die land se grootste pensioenfondse was oor die afgelope paar weke op een of ander standpunt om geïnteresseerd in minstens om ander aandeel in Retro se eiendomme oor die afgelope paar weke sal dit ons nie verbaas as 'n hele paar mense nie nou besig is met nuwe planne om die groep oor te neem nie. Bestaande beleggers kan maar geroer aanhou aan hul aandele.

— Gert Marais

<table>
<thead>
<tr>
<th>Internal</th>
<th>External</th>
</tr>
</thead>
<tbody>
<tr>
<td>12</td>
<td>11</td>
</tr>
</tbody>
</table>

1. Enter at the top of each page and in column (1) of the block on this cover the number of the question you are answering
2. Blue or black ink must be used for written answers. The use of a ball point pen is acceptable. Red or green ink may be used only for underlining, emphasis or for diagrams, for which pencil may also be used
3. Names must be printed on each separate sheet (e.g. graph paper) where sheets additional to examination book(s) are used
4. Do not write in the left hand margin

NDIDATE MUST enter in te number of each question 1 the order in which it has red, leave columns (2) and

Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University

Made in South Africa THO BRANDS POT PSL/UPC 10000 1078 PD UCT AM7a Verwoord in Suid-Afrika
Afrox hoists interim to 12c

Financial Editor

AFRICAN Oxygen has boosted its interim dividend from 9c to 12c after increasing net attributable taxed profit from R5 613 000 to R7 431 000 for the six months to March 31.

Earnings a share rose from 17.04c to 22c.

Afrox makes and distributes industrial and medical gases. It is controlled by British Oxygen.

The turnover for the half-year was up by 23% from R68 million to almost R84 million.

The fact that Afrox was able to push earnings up by close to 50% again illustrates the gearing benefits on profits that many groups are getting from the economic upturn with the ability to make greater use of capacity.

Afrox was, however, given the extra benefit of a lower incidence of tax - because of allowances on capital expenditure - and earnings, therefore, got an additional and over three times rise in pre-tax profit.

The directors say a R22 million capital expenditure programme is on hand this year and is expected to reach R27 million in 1981.

Profit was given an extra non-recurring boost of R483 000 from the sale of 49% of Doxons & Dobson Electronics.

"Improved trading conditions are expected to continue and the growth pattern should be maintained during the remainder of the year.

COMMENT. Afrox deservedly has the image of a solid, well managed group.

Earnings this year should be in the 5c to 6c range after 29.7c, 34.4c, 49c and 46c in the previous four years.

The market has, however, largely anticipated the excellent interim figures and the share price will probably reflect general market trends in the near future."
It's a sweetener from C G Smith

Financial Editor

C G SMITH SUGAR has produced a sweet surprise for shareholders with profits for the year to March 31 above the level indicated in the interim report last December.

Net taxed profit is up from R14,000,000 to R20,130,000. The total dividend has been raised from 50c to 65c to give a total of 85c (70c).

Earnings a share jumped from 92c to 115.5c.

C G Sugar was taken over by Barlowes at the end of last year in part of a wider Barlowes bid to take a bigger slice of the sugar industry.

Because of the uneven trading pattern, C G Sugar presents its interim figures in the form of half the estimate of profits for the full year.

The estimate was on the low side this time, and had interim taxed profits of R7,746,000 and earnings of 57c — levels that have been comfortably exceeded.

The directors say: "The 1979/80 sugar season was a satisfactory one for the group.

"This was largely attributable to the increase in production of 101,141 tons of sugar and the improvement in the group's industrial share from 35.27% in 1979 to 40.16% in 1980."
KWV Beleggings preference and ordinary shares make their debut on the Johannesburg Stock Exchange board in the beverages and hotels sector today.

Trade will take place only in the 16,500,000 7% participating preference shares, which were privately placed with about 2,000 wine farmers, cooperative societies directly involved in the wine industry and, to a limited extent, their employees.

The 1-million ordinary shares and 24,500,000 7% redeemable prefs will not be traded on the market as they can only be transferred within their respective holding parties.

The ordinaries are held intact by a wholly owned KWV subsidiary and the redeemable prefs are held by Boandibank, Saba bank and Volkskas.

The value of the tradeable prefs is about equal to that of Cape Wine ordinary shares, currently trading around 13.5c.

KWV, whose sole asset, is its 30% holding in Cape Wine, will distribute all its earnings. Based on Cape Wine's paying its forecast 8.5c, the company should pay 0.14c for the 1980-1981 year.
Durban Bay House for Old Mutual

OLD MUTUAL has bought Durban Bay House in Smith Street for R1 894 000. This is the largest single-unit property transaction in South Africa. The previous record was set by Old Mutual when it acquired the IBM building in Johannesburg in January 1980. In each case Old Mutual has invested in fifty let high-quality office buildings at a price substantially lower than their replacement values.

Mr. Martin Buse, property manager of Old Mutual, says Old Mutual will buy all the shares and shareholders' loans in Bay Passage Investments (Pty) Ltd. The shareholders are Anglo American Properties (54%), with W.R. Poynton Investments Trust (Pty) and Neidong (Pty) owning 46%.

The effective date of the transaction will be June 30, 1988.
PP Cement to spend R94m

By Howard Preece

PRETORIA Portland Cement has R94-million expansion plans over the next three years.

This is disclosed in the interim report which shows net profit up by 54% from R874 000 to R1 425 000 for the six months to March 31.

The interim dividend has been raised from 11c to 14c.

PP Cement, which is controlled by Burlow Rand, benefited heavily from capital spending already in hand with a sharp reduction in tax incidence.

Turnover for the half-year was up by 21% from R94-million to R117-million, mostly reflecting inflation but partly attributable to the general real upturn in the economy.

In line with turnover, pre-tax profit rose by just under 24% from R16 132 000 to R19 462 000.

Tax, however, fell from R7 055 000 to R5 996 000.

This resulted in the 54% rise in consolidated net profit.

PP Cement makes a special extra depreciation provision to match replacement costs and this deduction from net profit increased from R2 631 000 to R4 065 000.

Earnings a share were diluted by the inclusion for ordinary dividend participation of more than 2 500 000 shares that were issued in 1977 in securing 100% of Northern Lime.

Before the extra depreciation, “transfer to plant replacement reserve”, earnings a share rose by 39% from 38.6c to 53.6c.

Deducting that transfer, earnings were up by the same percentage from 40.6c to 52.7c.

COMMENT: The R84-million expansion planned includes R34-million for the lime division. Lime is classified as mining and does not qualify for manufacturing investment allowances although it does get assistance.

Overall, the tax incidence could be higher next year.

Cement, the main contributor to profits, is — unlike lime — price controlled and this is obviously a limiting factor as far as share investment is concerned.

There was, however, a price increase from April 1 and this will be reflected in the second half results.

The Price Controller has also agreed to allow the return on capital employed to rise to 15% next year, although there are complications in the arithmetic here.

PP Cement looks in good shape, in spite of the loss of most of its export business to Iran, but the shares are perhaps primarily institutional in their appeal.
Stilfontein makes the dirt pay

Finance Report

STILFONTEIN will speed up the rate of development in previously unproductive areas, says the chairman, Mr. H. H. Strunck, in the annual report.

A further trading arrangement is being made final with Hartbeesfontein whereby Stilfontein will obtain the right to mine about 250,000 centners next to the mine's northern boundary.

Development of this area is expected to cost R120,000 this year.

The Goboboe plant, which the company has an 11% shareholding in, brought in a profit of R1.1 million last year. However, the year ended in the three months of the Goboboe uranium output is above contractual commitments, but for the year should be achieved this year.

He is confident that the gold price will allow Stilfontein to make greater use of all its plants and that the mine's wagons will be utilized fully in the new year.

Costs will be cut by selling lower grade ores yielding R1.5 million and improvements of R1.5 million on capital expenditures will have to be improved.

The report shows that the output per head of 87,000 tons, with a gold value of R164,700 and a recovery of 85 cents, was at a gold price of R20.

Stilfontein's taxed profit stood at R1,388,800 in the year ended December 31, 1969, up from R1,508,800 in 1968, and the dividend paid was increased to

For the year ended December 31, 1969, the company's average gold price was R164 against R190 in 1968, and output increased by 13% to 1.3 million in the year to December 31, 1969, from 1.17 million in 1968.
ICS raises final £2.3m

By ELIZABETH HOUSE

IMPERIAL Cold Storage improved on its steady profit and dividend growth record over the past year and improved margins in the face of higher distribution costs.

Earnings are up 20% to 55c a share in the year to last February from 45c. The final dividend has been raised by 1c to 12c, bringing the total to 16c from 14.5c for the 1979 year.

Dividend yield is 5.18% on the pre-suspension price of 410c.

ICS's taxted profit of £1.43m rose to £1.40m in 1980 after higher minoritiy interests of £290 000 and £320 000.

Turnover has risen at a faster rate of 17.3% to £80.5m compared with the previous year's increase of 12.3% to £80.1m and the pre-tax return on sales improved to 4.6% from 3.9%.

IFS reduced its loan commitments in the 1978-1979 year and probably repaid some loans out of its biggest cash flow over the past year.

ICS's shares are suspended, together with Tiger Oats which holds 17% of IFS, because of plans to restructure Old Mutual's interests in the food industry.

Old Mutual has a 20% stake in IFS and a 21% holding in Tiger Common Fund, also suspended, has a 17% stake in IFS. Intention is to clean up this holding structure and possibly to strengthen it to ward off bidders.
RMP on the move again in property

By ELIZABETH ROUSE
RAND Mines Properties is on the move on the property as well as the mining front.

The company intends to develop 91 hectares in Wadelville industrial township, according to the interim report. This move is significant as the company’s property holdings have been static since the economic slump.

RM Props has paid R1 785 000 cash for the acquisition of the land-owning company, Wadelville Investment Company, from Holman Developments, a wholly owned subsidiary of Barlow.

To finance this acquisition and to provide funds for development of the land, RM Props has sold its investment in Transvaal Gold Mining Estates (TGME) to Barlow for R2 168 200 cash. At the net asset value of the effective sale date in October last year was R1 295 000, the surplus on this sale is R1 001 000.

The RM Props group retains the mineral and mining rights over TGME’s Pilgrim’s Rest land, which is farmed.

Turnover and pre-tax profits show considerable improvement at the halfway stage, but RM Props ran into a higher tax bracket assessed losses having been reduced and non-taxable income being lower, and the attributable taxed profit advance has been cut to just over 9%.

However, the directors are confident that year-end earnings should show a satisfactory increase on 1978’s 34,3c a share as a result of an increased tempo in land sales.

This means that shareholders can expect a lift from last year’s annual dividend of 17c. However, the share price will reflect RM Props dump retreatment prospects.

At the moment, RM Props budgeted income stems from property and to a lesser extent from timber.

Profit from property sales increased to R2 232 000 in the six months to last March from the previous comparable half-year’s R1 669 000. The Theens timber division did well, with profits up at R977 000 from R796 000.

Net mining profit came off a net R20 000 from R565 000 as income from surface gold operations fell considerably.

Group turnover was up by 27.7% to R12 812 000 (TGME’s farming operations contributed R405 000 so the sale will have little effect on earnings) from R10 914 000 and pre-tax profits rose by 23.4% to R3 479 000 from R5 598 000. Taxed attributable profit was R2 327 000 against the 1979 half-year’s R2 130 000. Tax jumped to R1 380 000 from R576 000.
WILLIAMS, HUNT

In low gear

It seems that the acquisition of Certainy by subsidiary Eady last year was Williams, Hunt's only saving grace in the year to February 25. The group's motor sales have apparently hardly improved since the last half, when their profit contribution declined by 45%—while the 1½% annual hike to the group's profits was almost entirely attributable to the consolidation of General Line as from September.

Further details should be available with the annual report. But from the limited information provided by the preliminary report it appears that performance is not yet up to scratch, at the time of the acquisition the US parent's 26.4% holding in Certainy's directors said that had the acquisition been effective for the year to January 1972, earnings would have been 20% instead of the 30% actually achieved. So last year's 30% earnings are in fact a considerable decrease on what could have been achieved had the motor sales held up.

Top-line figures are not strictly comparable, and pre-tax profits are a massive 51% higher at 87% of £21m, reflecting the consolidation of Certainy. Net earnings, meanwhile, rose a modest 12.7% to £4m. A more valid comparison, as the year-to-year figure includes the Certainy earnings attributable to the group's then 20.4% stake.

During the first six months, the motor division had little answer to the demands of the car market in terms of smaller vehicles. It has now made moves to counter this, but it remains to be seen what effect this will have. Until the accounts finally reveal the actual contribution of the various operating sectors, no judgment on prospects must be reserved. An historic yield of 7.1% does not recommend the share at its current level, though there may be something to go for as car sales improve.?
TC Lands doubles profit

By ADAM PAYNE

TRANSVAAL Consolidated Lands, a Barlow Rand subsidiary with wide mining interests, has almost doubled its attributable profit for the six months to March compared with the same time last year, and has declared an interim dividend of 8½c (4½c) which is more than five times covered by earnings of 30c a share.

The attributable profit of R25 561 009 for the half-year compares with R13 452 000 in the half-year to March 1979 and R18 989 000 in the second half of the year to September.

Prospects for the second half of this year are bright with a forecast that profit levels should be maintained and that the final dividend should be at least 12½c (6½c), making a total of 18½c (13½c).

As TC Lands has exceeded dividend forecasts, this production should prove to be conservative.

On a total of 18½c for the year, the yield on yesterday’s share price of 4 000c would be 4.6%. This is a low yield but TC Lands in the past has grown strongly in profits and share appreciation from year to year and this performance should be continued, particularly if the gold price remains high.

Income from coal will be much higher this year than in previous years.

The main increases in income in the past six months came from gold and coal investments. Turnover, which covers sales of asbestos, chrome, coal, fluorapatite and timber, jumped by 73% to R130 million, helped by income from the new Dwyka Colliery which contributed nothing last year.

It was helped on a much smaller scale by income from the asbestos division which owns Cape Asbestos.

Rietpruit Colliery, jointly owned by TC Lands and Shell, was in production for only a short while in the previous financial year but contributed to turnover throughout the past six months.

In its gold investments, TC Lands benefited by a trebled final dividend from Harmony and by higher dividends from other gold holdings.

COMMENT TC Lands did slightly better than expected from its asbestos division which is good news at a time when sections of the asbestos mining industry are struggling.

Whether asbestos will be better than the platinum investment which was sold to buy Cape Asbestos remains to be seen — depending on what dividends the platinum companies declare this year.

When TC Lands held its platinum shares, dividends were small and were pressed on occasion.

The asbestos interests have good potential.

The coal picture here is excellent with increasing outputs from Dwyka which serves Escom and rising exports from Rietpruit.

Rietpruit exports last year totalled 2 690 050 tons and they are expected to rise to 4 800 000 tons this year and 5 500 000 tons by the middle of 1983.

A pointer to the strength of TC Lands investments is the fact that the market value of its listed investments rose from R169 million at March 31 1979 to R177 million at March 31 this year.
Chemhold sees R3m profit from 95/80.

By ELIZABETH ROUSE

CHEMICAL Holdings is maintaining its impressive performance and the chairman, Mr Bill Hefer, forecasts a 1990 taxed profit of more than R5 million.

In his March quarterly report to shareholders, Mr Hefer forecasts that the final dividend could be 18c on the increased share capital. This will lift the total to 29.5c from 21c.

The one-for-four rights issue was 90% successful. The share capital has been increased by 1,009,201 shares to 5,022,000 shares, all of which will participate in the final dividend, payable in November.

Some of the rights issue funds have been used to acquire from Akzo Chemie its 25% holding in Akzo-Marchon, the new holding company which started operating in January.

The transaction has increased Chemhold's interest in Akzo-Marchon to 50%, the balance continuing to be held by Albright & Wilson of Britain.

Mr Hefer says the group sees a rewarding future in detergent raw materials.

Chemhold made a record taxed profit of R865,000 in the March quarter — up 72% on the 1979 March quarter's R508,000.

This brought attributable taxed profits for the nine months to March to R2,032,000 — up almost 68% on R1,266,000 earned in the previous comparable nine months.

Turnover over the same time rose by over 30% to R40,302,000 from R32,057,000. Sales were up 29.5% in the March quarter to R13,986,000 from the December quarter's R10,765,000.

The associate companies, Akzo Chemicals, Dussack Brothers and SA Paper Chemicals, improved their turnovers and all other divisions flourished.

Mr Hefer comments that while the contribution from the associates to this improvement was important, it should not obscure the significance of a 49.9% rise in Chemhold's pre-tax profits to R4,382,000 over the past nine months.

If Chemhold earns a minimum of 25c in the last quarter, earnings will be 70.5c a share for the year compared with 1979's 46c.
S&L pays maiden interim of 10c

By ELIZABETH ROUSE

STEWARTS & Lloyds has declared a maiden interim dividend of 10c on earnings of 14.4c a share — up 43% on last year's interim earnings of 10.4c a share.

The heavy engineering group has hitherto paid an annual dividend, which last year amounted to 22c.

The board's decision to pay an interim is based on the cash flow benefits derived from the introduction of Lifo accounting last year. Improved liquidity means that the interim payment can be accommodated in the seasonal cash flow, say the directors.

Although Lifo gives a more realistic picture of Stewart & Lloyds financial health in inflationary times, it obscures the sharp leap in group activities.

Pre-tax profit before Lifo adjustment for the year to March has jumped by 81% to R12 252 000 from the previous comparable half-year's R6 765 000 on a 52% rise in turnover to R137 689 000 from R128 765 000.

The Lifo adjustment of R2 519 000 has reduced taxed profit to R6 029 000. This shows a 49% improvement on last year's interim profit of R4 690 000.

Results for the past half-year exclude the contribution made by the trading activities of Hincledon & Company (SA), which was sold in October 1979. Thus some had some effect on turnover, but earnings were boosted by R690 000 made on the sale of Hincledon-owned properties.

The group ran into a higher tax rate of 35% compared with 28% and 18% in the previous two years.

But capital spending is increasing again. The foundry modernisation programme will take up most of the R30 654 000 committed for capital spending in 1979 (capital expenditure was R9 680 000).

Since the year-end, additional capital expenditure of R5 million has been authorised for Baldwin, which is putting up the first steel sheet service centre in Natal.

Stewart & Lloyds usually does better in the second half of the year and the chairman, Mr H C Kuper, expects that the seasonal improvement will prevail. Sales and profits should advance in line with overall economic growth.

It is difficult to predict year-end results, but the group is in trimmer shape to cope with increased business (costs are under control) and it should easily improve on first-half earnings of 24.4c.

However, a decision in principle has been taken to extend Lifo to all stocks held by the group (last year Life was limited to steel stocks, which were about 56% of total stock) and this might affect earnings.

Dividend cover will probably be kept at a safe 2.4 so dividend expectations cannot be too optimistic.
Barlow's thumps forecast

By HOWARD BREECE
Financial Editor

BARLOW RAND has produced gold-hued results for the six months to March 31, with attributable taxed profit up 71% from R33 739 090 to R56 189 042.

The interim dividend has been raised from 2c to 4c in keeping with a profit performance that has far exceeded the group's original hopes.

Turnover was up by 66% from R1 662 million to R2 857 million.

Barlow's, the industrial mining plant, has excelled across the board. But the windfall from Rand Mines gold interests gave the interim results a particularly handy boost, even though the contribution is still small in relation to total profits.

Investment income, essentially from the Harmony ERPM, Blyvoor and Durban Deep gold mines, rose from R870 000 to R1 391 000.

A statement on the overall results says: "The higher growth rate in profit is largely due to better margins, management controls and higher dividend income from gold investments."

Earnings a share at the halfway stage were up 63% from 44.5c to 73.6c after some weighted average dilution from additional issued shares, notably through the C G Smith takeover in December last year.

Pre-tax profit was up by "only" 50% from R144 million to R214 million.

The tax incidence was considerably reduced, however, from higher dividend income and through greater use of tax allowances on new plant and machinery.

Of course, the shares going to outside shareholders — basically in TC Lands, Plascon Evans, C G Smith and GRC — also rose sharply, from R27 million to R39 million.

Mr Mike Reesoft, executive chairman of Barlow's, says: "In general the growth in profits and earnings reflects the improved performance of the South African economy."

A strong domestic market for domestic steel and sustained export demand for ferrochrome resulted in Middelburg Steel & Alloy earning higher profits.

"The mining division benefited from increased coal revenue."

"The improvement in consumer demand and the strong recovery in the construction and building industries resulted in higher turnover and profits in the cement and lime, building materials and steel distribution, paint and packaging divisions."

"Whilst the economies of South Africa's major trading partners are entering a period of recession it is unlikely that this will impact seriously on South Africa this year, other than to slow down the growth of exports."

"With the large balance of payments surplus on current account likely to continue, the South African economy should remain strong for the remainder of this year."

He warns, however, that while this should ensure a substantial growth in earnings over 1978 the rate of increase in the second half of this year is unlikely to match the first half.

COMMENT: Net earnings rose by 66% in 1978-79 and Ms Reesoff suggested in the annual report that growth this year might not be as strong.

With the halfway net earnings up by 66%, it is certain that growth in 1979-80 will end up higher than in the previous year, even with Mr Reesoff's caution about the second half of this year.

Still, underestimating of profit by Barlow's is an established, and understandable, tradition.

Last year the group paid a total dividend of 32c. This year a final of 32c (31c) and a total of 54c look possible.

The share price has, of course, bounced up since the annual report — earliest capitalisation also is up R38 million since last September — although at R17c yesterday it was well off the year's peak, and 43c higher on January 4.

That puts the prospective dividend yield at 2.5% with a three times cover.

Super though the results are, the market has probably anticipated them well and the share price may not make big immediate headway.

Barlow's remains, though, as blue a chip as it has ever been.
B & S STEEL Furniture has reached a new adventurous phase of its development and this is borne out by results so far this year, says the chairman, Mr H Back, in the annual report.

The company expects a marked increase in demand for its products.

B & S Steel has become subject to borrowing restrictions in terms of foreign exchange control because more than 20% of the issued capital is now held by non-residents as a result of the emigration of a director, Mr J Grossman.

Of the 225,000 shares in issue, 75,000 shares (representing 33 1/3% of the total) are held by non-residents. In terms of the formula applied by the exchange control authorities, the company's South African borrowings are limited to 74 1/2% of shareholders' funds.

To remove this constraint on its operations, a company controlled by Mr J Grossman - Joe Grossman Family Holdings (Pty) - will reduce its holding in B & S to a level at which the company will cease to be subject to restriction.

This is subject to Family Holdings right to increase its shareholding to its present level at any time up to and including January 1, 1983, by which date it is expected B & S will have been able to reduce its borrowings to a level at which on the assumption that Family Holdings exercises that right to increase its shareholding, B & S will be able to operate more comfortably within the exchange control constraints.

An agreement has been concluded that the issued share capital and share premium account of B & S be reduced by R157,000 by the cancellation of 25,000 shares held by Family Holdings, and the payment of R5,000 in cash of 50c a share in respect of these shares representing the share capital paid up thereon, and the a share by way of a reduction of the share premium account of B & S.

Reuter
ALEXANDER Howden Group, the London-based insurance brokers, has acquired an additional 1,027,000 shares in its Johannesburg Stock Exchange listed insurance broking subsidiary Alexander Howden Group (South Africa).

The Alexhow Group UK, which had profits of £25,411,000 in its latest financial year, has, as a result of the acquisition, boosted its stake in the South African company from 81.5% to 90%.

The shares acquired represent the holdings in Alexhow formerly held by Hill Samuel. They are the residual stake held by Hilsam following the banks' decision to divest most of its pension and insurance interests.

Payment was 135 cents a share. Current market price is 105 cents.
Amcoal bids for Vryheid

By Jean Moon

A 66 percent stake in Vryheid Corporation is just not enough for Anglo American Coal Corporation (Amcoal). The coal giant is going for a 100 percent holding.

The shares of Vryheid were suspended on the JSE yesterday because negotiations are in progress in terms of which Vryheid will become a wholly-owned subsidiary of Amcoal. Shareholders can expect to have further information on Friday.

Vryheid's real value lies in its coking coal, being one of the few producers in the country which is short of this particular coal. Iscor is a huge user.

The acquisition by Amcoal will have no material effect on the earnings or net asset value of Amcoal. It would seem that this is a tidying up operation, as Vryheid is the last remaining share in the Amcoal stable to be quoted.

The pre-suspension price of Vryheid was R2.00, at which level the dividend yield stood at 9.2 percent on an earnings yield of 20.2 percent.
Metkor's earnings leap 59 percent

By Jean Moon

Metkor's earnings leaped nearly 59 percent to 6.12c a share in the six months to December. The net income rose 90 percent to R4.2m and the preference share dividend absorbed R718,000. As there was no taxation, distributable earnings rose from R2.2m in the corresponding period to R3.5m.

Metkor received a maiden dividend from Air Products of South Africa. Metkor's investment in Donkerheuwel was disposed of during the period. It acquired 23.7 percent of minorities in Hart for R269,164 and 1.9m Metkor shares. Hart is now a wholly controlled subsidiary of Metkor.

It also acquired the 48.75 minority interest in Wapero for 7.4m Metkor shares.
Amal Laund makes it a good cash deal

By ELIZABETH ROUSE

ANOTHER cash assets share-listing has been created through the takeover of Amalgamated Laundries' trading operation and related assets by Steiner Linen Services (Pty). The transaction, which involves a purchase price of between R1 250 000 and R1 300 000 (depending on June 1980 profits), will leave Amalgamated Laundries with R1 300 000 cash and properties with a book value of R650 000, mortgaged for R680 000.

This is an excellent deal for both shareholders, who have stayed with the company in spite of passed dividends, and for Amalgamated Laundries. The purchase price ranges from 95.4c a share at the lower end and 105.06c a share at the upper end.

Net asset value was 90c a share at the end of June 1979 and on completion of the deal it should be about 130c a share, according to an Amalgamated announcement.

The shares, suspended on April 19 this year, returned to the JSE board yesterday. The counter was quoted at 90c buyers and 130c sellers but no deals were struck.

The deal will require Treasury sanction as Steiner is a non-resident controlled company. Suitable investment opportunities will be found, but the board's objective remains a mystery at present.

Mr Max Florence, chairman of Amalgamated Laundries, and his associates bought 385 036 Amalgamated shares for 45c a share after the Herbert Porter group's liquidation early in 1979.

The share stayed suspended on the JSE from July 6, 1978, when the Porter group collapsed, to October 1, 1979, after an unprecedented clash between Mr Florence and his associates and the Johannesburg Stock Exchange committee over making a similar offer to Amalgamated.

Amalgamated improved steadily under the Florence banner, but based on the last report from the company which showed interim earnings for the six months to last December up at 90.6c (9.5c), the 1980 dividend would have been small.

NOTE CAREFULLY

1 Enter at the bottom of the block question number of the block
2 Blue or Black or Red underlining is acceptable only for grammatical errors
3 Names may be given (e.g. Graziano examina
4 Do not write in margin

Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University

EVERY CANDIDATE MUST enter in column (1) the number of each question answered (in the order in which it has been answered), leave columns (2) and (3) blank

<table>
<thead>
<tr>
<th></th>
<th>Internal</th>
<th>External</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>(2)</td>
<td>(3)</td>
</tr>
<tr>
<td>6</td>
<td>14</td>
<td>14</td>
</tr>
<tr>
<td>5</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>5</td>
<td>6</td>
</tr>
</tbody>
</table>
Financial Reporter

METKOR Investments' dividend income jumped to R4 564 230 in the six months to last December from the 1978 half year's R2 651 667 and attributable taxed profit climbed to R3 543 000 from R2 335 000.

Interim earnings are 6.12c, surpassing the previous full year's 5.6c, but dividend prospects are conservative — an unchanged 5c for the year ending June after having paid a large preferent dividend of R1 246 000 in March this year.

The jump in interim dividend income stemmed from payment of a maiden dividend by Air Products of South Africa (Pty) and an increased dividend from International Pipe & Steel Investments (Pty).

Since March, Uspezco and Hart have become Metkor subsidiaries, but these companies, although doing better, are unlikely to make much difference to Metkor's income by the June year-end.
Vryheid Cor is suspended

By ADAM PAYNE

VRYHEID CORONATION, the only listed coal mining subsidiary of Amcoa, was suspended on the JSE yesterday at the company's request because of negotiations aimed at making it a wholly-owned subsidiary of Amcoa.

A statement setting out the proposed terms of the deal is expected on Friday.

The shares of Amcoa were not suspended since the acquisition of Vryheid as a wholly-owned subsidiary will have no material effect on the earnings of Amcoa or on its net asset value.

An anomaly — Vryheid being the only listed coal mining subsidiary — will be cleared up by making the company wholly owned.

In spite of the fact that Vryheid is one of the few coking coal mines in a country which is short of coking coal, its shares have not enjoyed the growth of other coal mining shares which have notched up greater profit performances.

The shares were under a cloud at one time because it was feared that the coking coal contract with Iscor would not be renewed.

However, the present demand for coke is firm and as a result less coking coal will be available this year than last.

Because of increased difficulties in mining, the production of coking coal will be marginally lower this year than last.

It is forecast that earnings will be similar to last year when they totalled 29c a share and dividends were 27c giving a yield of 9.5% on Friday's price of 250c.
**Pesticide Move**

SENRACHEM will reorganise its pesticide interests from July 1 Mr D J Marlow, the managing director, said the changes were necessitated by the extension of Senracchem's agricultural product range.

In the next two years the group planned to manufacture a considerable number of new products as an extension to the pesticides it made now. Construction of plants to manufacture 24D and MCPA was progressing well. Three additional strategic pesticides would appear on the South African market within the next 12 months and plans to produce yet another four pesticides were far advanced.

A new company, Agrinark, would market these products.
BROMAIN, the furniture retail group which owns Teltron and has a Ford car dealership, has achieved a record year-end profit — a dramatic recovery from last year’s loss.

It has declared a record final dividend of 8.5c, which makes the year’s total of 9c against the 1.5c paid out last year to avoid undistributed profits tax.

Earnings before extraordinary items are 28c for the year to February compared with 2.9c in 1979. Earnings after non-recurring items are 25.9c, a share against a loss of 8.8c.

Bromain turned the corner at the halfway stage when earnings were 6.4c, which led the market to anticipate good year-end results and the current price of 128c reflects expectations of a further improvement.

Dividend yield is 7.2% compared with the industrial holding sector’s average of 8.8% and earnings yield is 20.7%.

The price earnings ratio is a narrow 4.8.

Bromain directors confidently predict higher profits this year, provided buoyant conditions in the economy continue. All divisions are trading at higher levels. However, the group will run into a higher tax bracket this year.

Teltron, which makes and distributes Sony, B & O, Du Pont and Canon photo copiers, has achieved a major turnaround after substantial restructuring and management reorganisation.

Another factor is the sharp decline in interest charges to R1 318 000 from 1979’s R2 472 000. Last year the debt-equity ratio, although improved, was still a horrific 20%.

Bromain’s 1980 taxe profit amounts to R2 398 000 against a loss of R32 000 in 1979. Outside shareholders now take a profit of R552 000 compared with carrying a loss of R210 000 last year.

Goodwill on the acquisition of the outstanding 25% in Teltron has been written off for R205 000, offset partially by a R139 000 profit on the sale of land and buildings.

That leaves a net profit of R1 688 000 on the bottom line compared with a loss of R201 000 in 1979 after the Teltron write-off.

You are registered (e.g. B34).

Subject
(to be copied from the heading on the Examination Paper)

Paper No. E34.
(to be copied from the heading on the Examination Paper)

NOTE CAREFULLY

1. Enter at the top of each page and in column (1) of the block on this cover the number of the question you are answering.

2. Blue or black ink must be used for written answers. The use of a ball point pen is acceptable. Red or green ink may be used only for underlining, emphasis or for diagrams, for which pencil may also be used.

3. Names must be printed on each separate sheet (e.g. graph paper) where sheets additional to examination book(s) are used.

4. Do not write in the left hand margin.

Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University.
Samstel lifts interim RDM 1/6/80

By ELIZABETH ROUSE

SAM'S STEELE Holdings, effective control of which recently went to a consortium, and its wholly owned subsidiary, Steel & Barnett, have reported good interim results.

Samstel has raised its interim dividend to 2.3c on earnings of 5.3c a share from 2c paid on the 1979 half-year's earnings of 3.7c and it receives a higher interim of 8.5c (7c) from Steel & Barnett, which earned 17.1c (13.3c)

Samstel's taxed profit was R59 000 (R38 000) and Steel & Barnett made R552 000 (R356 000)

The board is confident that Samstel will achieve higher earnings in the second half of the year. Advantage will be taken of the buoyant economy by increasing trading volume, mainly in the furniture retail division of 72 stores.

The stores are also the reason for the takeover bid. The price paid to the family was 55c a share. Since the takeover announcement, the counter has risen to 62c, showing that the market values Samstel much higher.
Anamint value

MR H F Oppenheimer, chairman of Anglo American Investment Trust, reports in his annual review that the net asset value of Anamint at March 31 was 10.49c a share compared with 9.14c at March 31 last year.

Anamint closed at 10.30c yesterday.

He says the increase in net asset value of the shares was largely due to the improvement in the price of De Beers shares on the JSE from 84c on March 31 1982 to 97c at March 31 this year.

Anamint sold Amarc shares in the past year and used the proceeds to partly finance the acquisition of a further 2,280,711 De Beers shares. The company now holds 27% of the equity of De Beers.
BTR South Africa has bought Laurenson Brothers (Pty) and its associated companies Container Sales Agencies (Pty) and Anchor Safety (UK) of Roslyn, Pretoria, for R1 600,000 cash.

The companies' sales in the year before acquisition (February 1980) were about R15-million and net asset worth was about R1 500 000. Based on the 1979-1980 performance, the contribution to earnings would have been 2.5s a BTR share.

BTR is confident that the acquisition will achieve higher earnings this year.

Laurenson Brothers make locking gears, fasteners and twist locks for the container industry. It exports about 40% of its equipment. The company also makes steel door frames and components for the nursing and domestic appliance industry.
R30m for big S & L expansion

By ANDREW McNULTY

MORE than R30-million has been earmarked for modernisation programmes by the diverse Stewarts and Lloyds group over the next three years.

This is additional to R10-million spent on welded steel tubes and production two years ago.

The investment will leave the R10-million group well placed for growth about which it is "very excited." The wide range of metal products produced are aimed at mining, industry, building and construction and should benefit from the quickening of economic activity, as well as the vast array of capital projects announced by banks and other sectors.

While strong profits, adoption of Lifo accounting means capital spending can be easily funded.

A pioneer in inflation accounting, S & L is not only extending Lifo to all stocks held in the group, but also adopted a broad strategy against inflation.

NOTE

1 Eras of the question you are answering

2 Blue or black ink must be used for written answers. The use of a ball point pen is acceptable. Red or green ink may be used only for underlining, emphasis or for diagrams, for which pencil may also be used.

3 Names must be printed on each separate sheet (e.g. graph paper) where sheets additional to examination book(s) are used.

4 Do not write in the left hand margin.

Every candidate must enter in column (1) the number of each question answered (in the order in which it has been answered), leave columns (2) and (3) blank.

<table>
<thead>
<tr>
<th>(1)</th>
<th>(2)</th>
<th>(3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>4c</td>
<td>11</td>
<td></td>
</tr>
</tbody>
</table>

Examiners' initials

No books, notes, pieces of paper or other material may be brought into the examination room unless candidates are so instructed.

Candidates are not to communicate with other candidates or with any person except the invigilator.

No part of an answer book is to be torn out.

All answer books must be handed to the commissioner or to an invigilator before leaving the examination.

Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University.
BUSINESS MAIL

Generous Amcoal offer for Vryheid

By ELIZABETH ROUSE

AMCOAL is offering generous terms to Vryheid Coronation minority shareholders in the complete takeover deal.

They will have the choice of receiving a capital payment of 25c a share cash, or a special dividend payment of 210c a share plus a capital payment of 50c a share.

Amcoal holds 65% of Vryheid's issued shares and the acquisition of the remaining 35% will involve Amcoal in a cash payment of R11,500,000.

Besides the generosity of the offer of 25c against a pre-suspension price of 29c, the decision to give minorities alternative methods of taking payment to suit their tax status, means that Amcoal is anxious to get Vryheid.

Small investors will obviously opt for the capital payment only, as the profit will not be taxable. Institutions and non-resident shareholders might opt for the mixture of special dividend and cash payments for tax purposes.

Non-resident shareholders registered in Vryheid's books on May 19, 1989, may accept either alternative, but those registered after that date may accept only the first.

Those Vryheid shares which are subject to these proposals will not qualify for any dividend in the year to December 1989.

The acquisition of the remaining Vryheid shares is expected to benefit marginally Amcoal's earnings and net asset value a share.

The shares will be reinstated on the Johannesburg Stock Exchange tomorrow.
Plascon's R3m expansion to boost output

By SIMON WHILSON
Industrial Reporter

DESPITE a R100 million capital expenditure programme last year, Plascon Evans Hartog Rand's paint-manufacturing subsidiary, is still unable to meet demand and has launched a R3m expansion scheme for 1987/88 to increase production capacity at all its plants.

The scheme includes the erection of a new plant in Bulawayo, and a new factory in Kitwe, Zambia. The South African company says the new plant will increase production capacity by 500%. In addition, the company plans to increase production capacity at its plant in Durban by 150%.

Despite these extensions, Plascon says demand is still not met, and the company is looking at ways to increase production capacity further.

The Bulawayo expansion will be financed by the company's own resources, and no public issues are planned to raise capital.

The company's programme is seen as a result of the increasing demand for paint in South Africa, and the company's figures reflect this:

For the year ending June 30, Plascon's turnover rose to R132.7m, an increase of 70% over the previous year. The company's net profit of R34.1m was also up 51% from the previous year, with earnings per share increasing from 67c to 100c, an improvement of 50%.

The company's shares were bolstered by the performance of its Zambian subsidiary, which contributed R5.5m to the group's net profit, an increase of 55% over the previous year.

Demand for paint has increased as a result of higher living standards and the need for more building materials in South Africa. The company says the increase is due to a rise in the demand for paints and varnishes by the building industry.

The company also says that the increase in demand is due to the need for more building materials in South Africa. The company says the increase is due to a rise in the demand for paints and varnishes by the building industry.

The company says that the increase is due to the need for more building materials in South Africa. The company says the increase is due to a rise in the demand for paints and varnishes by the building industry.
Tongaat gets
H Lewis

Financial Reporter

The battle for H Lewis seems over with Tongaat the winner.

Financebank said yesterday: "Shareholders in the H Lewis food-processing and distribution company are being well rewarded for the long suspension of their shares. Tongaat is offering R50c a share cash for 100% of H Lewis.

"This is a 55% premium on the price of 35c on February 21, the date on which Lewis shares were first suspended pending takeover negotiations, and 12c a share higher than the 22c bid from an unnamed party (not Tongaat)."

Mr Natie Kursh's Metro Cash & Carry group was reportedly the other party.

The statement said "This dispute has now been resolved, thus clearing the way for Tongaat's offer, which puts a price of R17 500 000 on Lewis. Shareholders representing 75% of Lewis issued share capital have already accepted this offer and Lewis will be proposing schemes of arrangement to make the company a 100% subsidiary of Tongaat."

"This is Tongaat's third acquisition in the past two months. On Monday, Tongaat gained 100% shareholder approval for its R13-million bid for 100% of Hebox Textiles, which is now only subject to Supreme Court approval."

"Hebox shareholders have until May 30 to decide whether to accept R37 cash or 40 Tongaat ordinary shares for each 100 Hebox they hold." "In March, Tongaat bought the country's largest independent asparagus farm and cannery, near Krugersdorp, for cash.

Lewis is involved in maize milling, cereal manufacture, oils, animal feeds, flour milling and cotton ginning. Tongaat also has interests in most of these areas so there would seem to be scope for rationalisation, assuming the deal goes through."
Toncoro booms with building

By HOWARD PREECE
Financial Editor

BOOM-TIME in the building industry is reflected in soaring profits and dividends reported by Toncoro, South Africa's biggest brickmaker, for the year to March.

Taxed profit rose by 109% from R3 684 000 to R7 710 000 and the total dividend is up from 5c to 12c.

The results also show, in common with those of many other companies, the sharp gearing effect on profits of an upturn in business.

In line with the surge in building activity sales, were a record R117-million last year, 41% up on the R85-million in the previous year by Primrose Industrial and Coronation brick combined.

The two merged to become Toncoro and previous figures have been adjusted to make last year's results comparable with 1978-79.

Earnings a share of Toncoro, on an comparable basis, rose from 17.5c to 35.9c.

Toncoro is part of the Tongaat group.

A statement accompanying the results says the big profit rise was "largely due to major increases in production and sales of bricks stockpiled during the building recession."

It says that because of price controls, price rises have played a minor role in the profit recovery from earnings of 9.2c a share two years ago (again on a comparable basis).

Plants that had been mothballed in the building recession were revived and production rose from 1 200-million bricks in 1979 to 1 216-million last year.

Sales of bricks from stocks built up in Natal by Coronation helped to alleviate the pressure on demand in the Transvaal, where Primrose had not stockpiled to any meaningful extent.

Sir Dick Kemp, Toncoro's chief executive, says "Although we are still trying to catch up, with demand in most areas of the country, where stocks are now exhausted, we still have supplies available in Natal."

"Our development of exports will continue, but our main focus is on the continuing increase in demand from the domestic market, which offers good prospects for Toncoro's immediate future.

"Our drive for greater plant efficiencies, and our increased marketing effort, are already yielding excellent results and bode well for the future.

"We are continuing to expand our investment programme, particularly in factories and technology that will increase our output of face bricks.

"Our improved profits are helping to finance the investment plan, which absorbed R3 700 000 last year and for which the current estimated cost of new works being planned is R18-million."

COMMENT The one certainty about the brick business is that supply never matches demand — there is either a large surplus or, as now, a scrambling shortfall.

That is probably inevitable in the cyclical nature of the building industry and can be seen in the adjusted calculated earnings of Toncoro over the past five years of 51.6c, 14.6c, 9.5c, 14.1c and 35.9c.

At a price of 27½c the shares yield 13.3% on earnings and 4.4% on dividend although, given the uneven nature of the business, these figures are less meaningful than for more stable industries.

If the building boom keeps going Toncoro could be interesting, but it is bound to be speculative.
Nampak's
R18.9m
deal

NAMPAK has bought all of Paper &
Packaging Industries, of Pretoria, for R18 900 000. PPI,
the last large privately owned
packaging company in South
Africa, manufactures corrugat-
ed pipes, corrugated board
and corrugated boxes at its
Rosslyn plant frem waste-
paper.

Settlement will be by the is-
issue of provisional renounce-
ble letters of allotment for
2 450 000 Nampak shares at
770c each, the closing price of
Nampak shares on April 30, the
data agreement was reached.
The new shares will not
qualify for the interim dividend
payable to shareholders regis-
tered on June 6.

Because they want cash, the
vendors have renounced their
rights to the letters of allot-
ment to C G Smith & Co, which
holds 53.4% of Nampak. C G
Smith has agreed to renounce
44.6% of the provisional allo-
tment in favour of the other
shareholders of Nampak.

Nampak minorities will be
able to take up the new shares
at 770c on the basis of nine new
shares for every 100 shares
they hold.

The acquisition of PPI and
the issue of the shares is not
expected to affect Nampak's
earnings or net asset value.
MR NATHÉ Kirsch's Constantin Insurance group is poised for expansion in a deal that involves a major restructuring of the listed broking group Alexander Howden (SA).

Effectively, Alexhow (SA) will sell all its insurance broking interests to the parent Alexander Howden group in London. Constantin will acquire the cash and share shell rump of Alexhow (SA).

A statement says 'Full control of Alexhow SA's insurance broking interests passes to Alexander Howden group in London. '

"At the same time, in a move to obviate any future conflict of interest, Alexhow London will sell its entire shareholding in Constantin Insurance to Alexhow SA and simultaneously dispose of its entire shareholding in Alexhow SA to Nathan Kirsh & Associates. "

"Kirsh will in this manner acquire 90% of Alexhow SA and minority shareholders will be made a standby offer of 133c a share by Kirsh."

"As soon as possible thereafter Kirsh will change the name of Alexhow SA to Alexhow London."

"The details of the arrangements are such that Alexhow London acquires, through one or more of its wholly owned subsidiaries, all Alexhow SA's present insurance broking interests for R2 134 439."

"Alexhow London's 1 050 000 shares in Constantin will be sold to Alexhow SA for R1 260 000."

"Nathan Kirsh & Associates acquire the remaining listed shell of Alexhow SA at 133c a share."

"Alexhow SA's assets will consist of 1 050 000 shares and R7 874 439."
Consure and Alexhow SA

The preliminary results of Consure Insurance, due for publication early next week, will be of special interest to Alexander Howden SA minority shareholders.

This is because, following Mr Natie Kirsh's latest deal, Alexhow SA now owns 25% of Consure as one of its only two assets. The other asset is the R7 600 000 in cash it received from Alexhow UK for its insurance broking operations.

Natie Kirsh & Associates are offering what they paid for control of Alexhow SA to minority shareholders. That was 155c cash, equivalent to net asset value.

With the share on 150c and prospects bright for a good set of results from the fast-recovering Consure, it seems that minorities will not accept and

Alexhow SA will remain listed.

After the deal Natie Kirsh & Associates end up with 90% of Alexhow SA. They intend to sell as yet unspecified assets to the company, partly for the big cash holding and partly for new Alexhow SA shares.

Business Mail reported incorrectly yesterday that Consure would acquire the cash and share rump of Alexhow SA and that this spelled expansion for Consure.

In a nutshell, what has actually happened is Alexhow of the UK has bought Alexhow SA's insurance broking operations, while Natie Kirsh & Associates have bought 90% of the Alexhow SA cash and share rump at net asset value.

The 25% stake in Consure previously held by Alexhow UK is now in the hands of Alexhow SA.
Industrial Reporter
SENDRALE Landbou Bevoer-
derings (SLB) Co-operative So-
cieties have been released from
the contract under which they
had to retain a material share
interest in Tromif Fertilizer In-
vestments, says Tromif's execu-
tive chairman, Mr Louis
Luyt.
SLB took up a 40% interest in
Tromif in 1990, and the co-
operatives' interest now stands
at about 49%.
Mr Luyt and other investors
have now obtained the total
interest of the co-operative so-
cieties in Tromif. There will be
no change in the control of
Tromif Fertilizer Investments
as a result of the transaction.
Mr Luyt also announced yest-
erday that Lasonem, which is
controlled by the Luyt group,
and owns about 35% of Tromif,
would be given the opportunity
to increase its shareholding in
Tromif to just under 50%. 
Guardian and Unsbic link up

By HOWARD PREECE

A MAJOR rationalisation in the short-term insurance market was announced last night with a coming together of Guardian Assurance and Union National South British Insurance (Unsbic).

Technically it involves a reverse takeover of Unsbic — and thus a JSE listing of Guardian — by Mr Donald Gordon’s Guardian group.

Both Guardian and Unsbic are at pains, however, to describe the deal as a merger and not a takeover.

That invites some cynicism, but the fact that no money is changing hands, as it were, in the main deal does offer evidence.

Minority shareholders in Unsbic will, however, be offered 35c a share which is 50% above the pre-suspension price.

What the deal does confirm is that times are tough in the short-term market and that both Guardian and Unsbic feel happier about pooling their resources.

This is basically what is happening.

At present Unsbic is 76% owned by the South British Insurance group of New Zealand and Guardian is owned 78% by Guardian Royal Exchange, GRE, of Britain and 25% by Mr Gordon’s Liberty Holdings.

Now Unsbic will acquire all Guardian’s issued shares — the reverse takeover.

Unsbic will in turn increase its issued shares from 2 250 000 to 10-million.

The new shares will not, however, qualify for the 25c dividend that Unsbic will declare for the year to June 30.

These 10-million shares will be owned 50%-plus by GRE, 25% by South British, 15.5% by Liberty Holdings and the rest by general investors.

So South British will have 25% of the new Unsbic/Guardian against 70% of the old Unsbic.

Ultimate control of the new combine will be with GRE, but Mr Gordon will be the chairman and, clearly, the effective executive head.

A statement yesterday said, “The reconstituted Unsbic will be backed by capital resources and reserves of almost R33 500 000 as compared with the capital resources and reserves of Unsbic at June 30, 1979, of approximately R9 100 000.

“It is further proposed that Unsbic’s name will as soon as is convenient be changed to incorporate Guardian.

“As a result of the proposed arrangements Unsbic and Guardian as reconstituted will have total assets of approximately R15 million with an annual net premium income from fire, motor, accident and marine insurance business estimated at R58 million.

“Based on the taxed profit of Guardian for the year ended December 31, 1979, and the estimated taxed profit for Unsbic for the year ending June 30, 1980, combined taxed profit of the reconstituted Unsbic is estimated at R4 600 000, equivalent to 44c on the enlarged share capital of 10-million shares.”

Mr Gordon and Mr Harold van Satten, chairman of Unsbic and deputy chairman “elect” of the new group, said last night that the short-term market was a tough one in which the combined assets would offer greater scope for risk underwriting.
9. Indications are that Lewis performed well last year, but probably not so well as to lower my estimated P/E ratio with 40% of the shares owned by the controlling shareholders.

On the other hand, Tongaat shareholders now have to be grateful in part to Nathan Bush, who made an initial offer of 6½ for Lewis, which was subsequently increased to 7½. At the start, Tongaat shareholders were not too hot down the acquisition, which will lead to a better utilisation of its facilities in the operational area, including a sugar mill and silos. The additional contribution of the meat and livestock plant, in particular, provides an additional dividend.

Lewis fits in well with our existing operation at Tongaat Group, with the MD, Alan Hinkinson, and we will have to make a careful study to decide what amalgamation can take place. Most likely, the early amalgamation will be distribution operations at Natal.

The takeover, along with that of Hebron, which is currently subject to some uncertainty, will change the potential pattern of diversified plant contributions to the group, and the assets. Hinkinson is, however, reluctant to predict the effect of the new acquisition on earnings in the current financial year.

Tongaat's B170m (6½% share) offer for Lewis is generous, but must be qualified by the fact that Lewis has not yet released its results for the year ending February, on which the offer, and its acceptance, should be based.

At the halfway stage Lewis's performance was only marginally better than in the first six months of the previous year, with earnings at 3½%. The interim dividend on the other hand was increased from 10c to 12½. So at 6½% Tongaat's offer seems to be based on an attractive P/E of about 15 on Lewis's earnings for the last year.
Old Mutual gets more of Tiger

Financial Reporter

OLD MUTUAL has increased its stake in Tiger Oats from 21.3% to 23.9% and Tiger Oats has raised its stake in Adcock- Ingram from 29.1% to 37.3% as a result of talks between Old Mutual, Tiger Oats and Imperial Cold Storage.

This was announced by IAL and Barclays National Merchant Bank in Johannesburg yesterday.

Old Mutual has acquired additional shares in Tiger Oats at 1.750c a share by private negotiation and from Lambert's Bay, part of the Oceana group of fishing companies.

These purchases, together with the issue of 178,336 new Tiger Oats shares to Old Mutual for 150,723 shares in Adcock-Ingram, will raise Old Mutual's holding in Tiger Oats from 21.3% to not less than 23.9%.

Tiger Oats stake in Adcock-Ingram will rise from 29.1% to 37.3%. This increase will not have a material affect on the earnings or net asset value of Tiger Oats.

The restructurings did not go any further, the merchant banks say, as "the benefits from any complete restructuring of the investments of Old Mutual in Tiger Oats and ICS would not accrue in sufficient measure to all parties concerned."

But "management will continue to examine all available avenues to take advantage of the benefits that would flow from further closer cooperation between the two companies."

The banks said the companies would continue to operate independently in their traditional areas of business under their existing management, and it was not Old Mutual's intention to use its holding in Tiger Oats to influence company policy or management decisions.

Tiger Oats observers on the JSE speculate that the deal was designed to consolidate Old Mutual's effective control of Tiger, following moves on Tiger made recently by an unidentified predator.

The shares of Tiger, ICS and Common Fund will be relisted on Monday.
Mutual stake in Tiger rises

The Old Mutual has extended its stake in Tiger to 7.6 percent to 9.5 percent and Tiger has raised its stake in Old Mutual to 8.1 percent to 9.2 percent.

Old Mutual paid £820 million in a private negotiation with Tullett Prebon.

This, together with the issue of 18,654 new Tiger shares to the Old Mutual in a change for £10.23 million, shows that Tiger's shares were trading at their historic high on the stock exchange.

A report .. containing .. Ka Jurney in 1788.

In De Hollandse Tijd, by Vert. 36, Den Haag, 1932

Sizes of X. Notes on its

The English translations and communications no. 21. 8

33 pages of most useful grammar shona dialects and to

Binary survey...


Tion for the Shona group.
'No danger of Tiger takeover' (232)

By Jean Moon

There is "absolutely no danger whatsoever" of a takeover of Tiger by Coats and National Clothing by Nathe Kirsch, said Rudi Frankel.

But Nathe Kirsch said he was "astonished" that Mr Frankel should make such a statement without consulting all his shareholders. He intends to continue with his multi-million bid to secure control.

"EMOTIONAL"

Mr Kirsch regards his approach as "a boon, not a danger" to Tiger's shareholders and employees.

A linkup of the groups would enhance the prospects of both and would lead to the building of a bigger and more powerful group, according to Mr Kirsch.

"I intend to contact Mr Frankel again with a view to discussions with his board because I believe a merger between our group and his company can only be to the benefit of all his shareholders as well as mine," said Mr Kirsch.

While admiring Mr Frankel for the way he had built up Tiger, he felt that Mr Frankel was reacting "emotionally."

Following his announcement of the old Mautri of its increased stake in Tiger, Mr Frankel said he was satisfied that this would effectively block any takeover attempt by Mr Kirsch. This should also reassure the 19,700 employees that their jobs were safe in his group.
take a vote on it.

let shareholders

Kirsch - Frankke:
Consure is back on dividend list

Financial Reporter

CONSTANTIA Insurance has declared a 6c dividend for the year ended February 1979 to R21 150 000 in the 12 months just ended. This is a 45.2% improvement on an annualised basis.

Non-motor premiums accounted for 18% of business written compared with 6% in the previous period.

The 1979 underwriting loss of R542 000 swung to a profit of R79 000, but net investment income dipped by 18% (on an annualised basis) to R562 000, "reflecting both the drop in interest rates during the past year and the fact that the company has a smaller balance of funds on deposit because it is settling claims more rapidly."

The statement says "Net included in these calculations are two significant transactions that resulted in a substantial inflow of cash during the past year.

"First was a R1 100 000 profit realised on the 50% stake in Neobank Mall, Consure's head office building, this was injected into the company two years ago when Mr Kirsh gained control.

"Second was a net R14 000, mainly on a surplus on the sale of Consure's stake in Anchor Life Insurance.

"These transactions boosted the total net income from R124 000 in the 1979 trading period to R1 800 000 in the year to February.

"The Kirsh group is in the process of raising its stake in Consure to 76%. The original 50% was bought two years ago by Kirsh Industries, a public but unlisted company.

"The extra 26% is being bought by Alexander Howden Group (SA) as part of a reconstruction scheme that will see control of Alexander Howden pass to Natie Kirsh and Associates.

"It is planned to retain Alexander Howden's JSE listing and to inject assets into it in addition to the shares in Consure."

COMMENT: The market tends to put a high rating on Mr Natie Kirsh's talents and the Consure results further explain why.

After the unexpected hefty loss of Consure in 1978 the share price took a tumble after having risen from 75c to 125c on Mr Kirsh's involvement.

Mr Kirsh, as surprised as anyone by Consure's shock announcement, offered to buy back minority shareholders at the prices paid.

The results for 1979-80 and the share price rise to 180c yesterday show how sensible most shareholders were to stay with Consure.
Kirsh blocks
Premier Mill

BY HAROLD FRIDSON

Kimfelt, the Netter Kirsh controlled company which is effectively the pyramid of Metro Cash & Carry, is to buy out for £15,000,000 the participation and voting rights attaching to its 8 million 1/4% preference shares.

The reason given for the move by the company is to prevent further erosion of its dividend to shareholders and to simplify the control of Kimelt which is complicated by the blocking rights which these preference shares enjoy when issues call for a vote. They carry two votes for each preference share, compared with one vote for each ordinary share.

While the company stresses the cost of maintaining the participation rights of the preference shares and the cost of maintaining them, the risk is that these preference shares may be converted into 18.2 million of ordinary shares, making Kimelt a major player in the food industry.

At that stage it was suggested that the gearing with which the preference shares gave was intolerable to the company. But now Kimelt is not happy about the gearing which makes the point that the main purpose of the exercise appears to be to eliminate Premier's voting strength. There are 600,000 Kimelt shares on issue, of which about 11 million are held by Kirsh.

And because this means that the total ordinary voting strength is 600,000 against the 18 million votes which Premier could exercise whenever it felt that its interests might be jeopardised by Mr. Kirsh's acquisitions.

For example, the cold hand of Premier was probably responsible for Kimelt's abortive but for H. Lewis's £2 million bid for a competitive threat bearing in mind the Kirsh drive.

By the same token, the dominance of Kimelt from Premier leaves the company free to move in any direction it wishes in the food industry as well as giving Kirsh industries the freedom to pursue its Tiger Oats, about which more later.

It might be argued that £15,000,000 is a large price to pay for getting a free hand, but it must be remembered that the preference shares are not only entitled to a percentage of the dividends which are paid to ordinary shareholders but they are also entitled to a share in the total cash profits of Kimelt received from any of its investments.

This quote comes from the Kimelt prospectus.

So there are sound financial reasons for paying a premium for freedom. I am given to understand that the company will raise the cash by temporary short-term finance which stage may take a large amount of time.

Back to Tiger Oats. About a million Tigers have changed hands this week. Yesterday's total was 295,000. The shares are being traded at 17p against 18p before the so-called restructuring at the talks with Old Mutual.

Market sources suggest that the buying is probably coming from the house and the Old Mutual. At 18p, yield 3%, these appear not an attractive buy which appears to confirm that the buying is offensively driven.

Where are the stocks coming from?

I do believe that the volume is not the volume of a normal rise, although it is possible that some small investors see this as an opportunity to take a good profit. It looks as if some institutions might be among the sellers. Total Tiger ordinary shares issued number hut slightly more than 11 million.
BY HAROLD FRIDJEON

PREMIER milling shareholders will make a useful profit out of their Kinet investment.

The Natco Kirsh company pays out R3570 000 to the holders of the 9-million participating preference shares to compensate them for the loss of special voting rights and their participation in profits and dividends.

INN of the company's interest in Metro Cash & Carry.

For Premier that was a good deal, a participation in Kinet's profits as well as an 11% return on the nominal value of the shares. No doubt on what Premier had originally paid for its holding in Metro the return was worthwhile.

But Premier did not feel disposed to hold the 9-million shares so it sold 6-million to two banks. Thus means that on the balance of 3-million shares, Premier will earn R146 000 on an outlay of R3-million over two years - a satisfactory return by any standard.

That, however, is only part of the story, Premier is still getting its 11%

Mr Tony Bloom, chairman of

Premier, said that he was satisfied with the deal but, commenting on the headline in yesterday's Business Mail, he added that it was not Kirsh blocking Premier milling, rather it was Premier milling blocking Kirsh.

By voluntarily surrendering its voting rights - for which Premier and the other preference shareholders were adequately compensated - Premier had given Mr Kirsh freedom of action, Mr Bloom said.

M: IN, INA

FIRST STUDENT ANSWER

CONTINUE

READ (7,195,ERR=155) L,LL

IF (LL.GT.0) GO TO 10

READ (1,IR,ERR=155) ITEST(L),MODEL(L,I),I=1,N

WRITE (1,H) ITEST(L),MODEL(L,I),I=1,N

IMOD=I+MOD+1

GO TO 5

CONTINUE

WRITE (5,200)

WRITE (5,205) IMOD

READ (3,IR) SNUM(1),(SANS(1,KK),KK=1,N)

WRITE (1,H) SNUM(1),(SANS(1,KK),KK=1,N)
GUARDIAN ASSURANCE COMPANY SOUTH AFRICA LIMITED

LIBERTY HOLDINGS LIMITED

MERGER OF GUARDIAN ASSURANCE COMPANY SOUTH AFRICA LIMITED AND UNION NATIONAL SOUTH BRITISH INSURANCE COMPANY LIMITED

The Board of Directors of Guardian Assurance Company South Africa Limited, Liberty Holdings Limited and Union National South British Insurance Company Limited respectfully advise the shareholders of the companies that they have entered into a Agreement dated 31st March 1990 whereby the companies propose that the shareholders of Union National South British Insurance Company Limited shall receive 0.5 of the shares of Guardian Assurance Company South Africa Limited and 0.5 of the shares of Liberty Holdings Limited on the basis of 1 for 1 in respect of the voting share capital of the companies.

By way of consideration for the above merger Guardian Assurance Company South Africa Limited, Liberty Holdings Limited and Union National South British Insurance Company Limited have agreed to a shareholding structure as follows:

- Guardian Assurance Company South Africa Limited shall hold 49 shares of Union National South British Insurance Company Limited
- Liberty Holdings Limited shall hold 25 shares of Union National South British Insurance Company Limited
- Guardian Assurance Company South Africa Limited shall hold 51 shares of Liberty Holdings Limited
- Liberty Holdings Limited shall hold 49 shares of Liberty Holdings Limited

It is expected that the merger will be completed on 13 May 1990 and that the new company will be known as Guardian Assurance Company South Africa Limited, Liberty Holdings Limited and Union National South British Insurance Company Limited.

On behalf of GUARDIAN ASSURANCE COMPANY SOUTH AFRICA LIMITED

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donald Simons</td>
<td>Chairman</td>
</tr>
<tr>
<td>John Smith</td>
<td>Director</td>
</tr>
</tbody>
</table>

On behalf of UNION NATIONAL SOUTH BRITISH INSURANCE COMPANY LIMITED

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Harold van Santen</td>
<td>Chairman</td>
</tr>
<tr>
<td>Mary Brown</td>
<td>Director</td>
</tr>
</tbody>
</table>

On behalf of LIBERTY HOLDINGS LIMITED

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donald Simons</td>
<td>Chairman</td>
</tr>
<tr>
<td>John Smith</td>
<td>Director</td>
</tr>
</tbody>
</table>

The Companies Act, 1973 and the Stock Exchange Act, 1985 shall govern the rights and interests of the shareholders of the companies.

Financial Mail May 30 1990
Huletts Aluminium
income soars

On a 21 percent rise in turnover to R106m, Huletts Aluminium increased its net income by nearly 30 percent to R5,5m in the year ended March.

A final dividend of 37c has been declared, bringing the year's total distribution to 36c a share. Earnings on a historic cost basis rose 19,3c to 95,5c a share, but after accounting for the effects of inflation the rise was 16,4c to 71,1c a share.

The capital commitments amounting to nearly R2m will be funded by depreciation and net income retentions.
Kwikot (East Cape), formerly AK Industries (Pty), has become a wholly owned subsidiary of Kwikot, says the parent company, Boumat.

On March 31 its subsidiary, Kwikot owned 51% of the issued capital of Kwikot (East Cape), and since April 1, it has acquired the remaining 49% of the shares.

The net tangible asset value of the 49% interest as reflected in the Kwikot (East Cape) audited balance sheet on March 31 was R189,562, and the company's profit for the year to March 31 was R127,378.

The purchase consideration of R229,070 will be met by the issue of 70,000 ordinary Boumat shares at a price of 470c — the market price at the time the agreement was reached with the sellers.

The transaction will have a negligible effect on earnings and assets an ordinary share in the current financial year.
Ownership & Control

1-6-80 - 31-12-80

1980
The Star Bureau

LONDON — The financial editor of The Times has discussed the controversy over "dawn raids" — such as the De Beers Consolidated Goldfields and Charter Consolidated-Anderson Strathecide operations — as a battle which is not worth fighting.

"One can think of plenty of battles worth fighting on behalf of small shareholders, but this is not one of them," is the concluding comment in the Financial Editor column published yesterday.

The Times' column points out that Lord Shawcross, chairman of the city takeover panel, has admitted that while "dawn raids" were a cause for concern, it was difficult to know how to deal with them.

Says The Times: "The issues which concern the authorities are whether some shareholders — no implication the small ones who normally do not have direct and immediate access to the market — are being unfairly treated."

The other concern was: "How to allay suspicion that large shareholders may have been tipped beforehand that such an operation is to get under way."

But The Times sides that post..."
Seltrust bid is BP right for it?

By Andrew Wilson

LONDON — There are few takeovers mooted and fewer completed in the mining industry. But when they do occur, the numbers involved are frequently enormous.

The latest is the British Petroleum approach to Selection Trust, which an entrepreneurial mining house at £3.64 million with the shares at 111 1/2.

Why BP wants Seltrust is fairly obvious. The oil major has been more successful than many of its rivals in developing energy alternatives in South Africa and Australia and has had the sense, on the other hand, to adopt the role of junior partner where necessary.

But is BP right for Seltrust?

Here a few sums need to be done. Seltrust has 6.6% of Amex worth around $80 million. The income return from this is a mere 5%, or 50% on the open market value of the investment.

Seltrust has always argued quietly that Amex has provided the asset backbone for bank loans which otherwise would have been obtainable only at higher interest rates.

It is a moot point whether BP or any other preditor would retain this holding. Certainly, for an oil company, the decision would be very much political rather than financial, even if it did reduce the capital cost by around 22%, or about 18% after allowing for the capital gains tax, on the holding.

Another is the 34% stake in Unocal now capitalized at about $45 million. Few South African institutions would be prepared, or able to take this on board other than the Anglo American group.

Certainly, General Mining/Africa Corporation would be unwilling, as this would leave their holding at 63% and they have better things to do with their liquidity in the development of other gold and uranium properties to the south of Unocal in the Orange Free State and the Transvaal coal and uranium projects.

Consolidated Gold Fields has indicated it is most unlikely to counter-bid, and at Seltrust's present price, it does not have sufficient ammunition unless it goes for a blocking manoeuvre.

Here one enters on to dangerous ground. Harry Oppenheimer's De Beers and Anglo American have between them 2% of the Cans Gold equity. Another arm, Charter Consolidated has 27% of Seltrust.

As De Beers appears to have upset the Department of Trade earlier this year through the market raid upon Cans Gold, any move to increase the Oppenheimer stake in the British mining houses would almost certainly lead to a Monopolies Commission reference with the only let-out being the transfer of Charter's stake in Cans Gold.
Anglo No. 1 foreign investor in US

NEW YORK. — Anglo American Corporation of South Africa is the biggest foreign investor in the United States, says Forbes magazine.

The magazine says at “beat out Royal Dutch Shell, the Anglo-Dutch oil company by controlling about $19 200-million (about R18 400-million) in sales primarily through its stake in booming Engelhard Minerals & Chemicals Corporation”.

In its July 7 edition, the fortnightly business publication says that Royal Dutch Shell is in second place after $16 500-million sales in the US last year.

British Petroleum, which owns 53% of Standard Oil of Ohio in the US, is in third place with sales of $7 900-million. Tegelmann group of Germany (owner of 47% of A & P, the American supermarket chain) is fourth with US sales of $6 700-million. Friedrich Flick group of Germany is fifth with sales of $6 000-million through its part ownership of W-R Grace and US Filter.

Forbes says that in the US, Anglo American owns 29% of Engelhard (industrial materials), 50% of Inspiration Consolidated Copper (copper), and 51% of Terra Chemicals International (fertilisers). It also owns outright the Amcon group (mining, exploration, steel, scrap), Arc America Corporation (construction materials), Skytop Brewersteg (oil rig manufacturing), King Oil Tools (oilfield equipment) and Mechanical Seal & Service (oilfield equipment).

Forbes says that “Also new to the top 10 list of foreign investors in the US are 12 banking and finance and insurance companies, the largest being Hong Kong & Shanghai Banking Corporation, which owns 41% of Marine Midland Bank of New York. The Hong Kong bank is in 22nd place with US revenues of $1 400-million.”

“Another newcomer is 18th-ranked Volkswagenwerk of West Germany, which last year manufactured $1 100-million worth of cars in the US.” Its total US sales were $1 500-million with the addition of its 100%-owned Triumph-Adler subsidiary.

“Among the most popular acquisition targets of foreign buyers in 1979 were companies in food-related businesses Delhaize-Le Lion of Belgium, which already controls supermarket Food Town Stores, bought another chain, $436-million Alterman Foods. The Netherlands’ Ahold acquired a retailer as well, the $517-million BILO.

“But it was corporations from the United Kingdom that led the way. Delicacy & Northern Foods bought distribution, processing and meat-packing concerns whose total volume was around $1 500-million. Imperial group now owns the $576-million Howard Johnson restaurant chain. Conglomerate Grand Metropolitan recently acquired the nearly $1 000-million Liggett group, whose interests range from liquor to pet food.” — Sapa-AP
SA may rescue legendary MG

BY LEICESTER SYMONS

The legendary MG Midget sports cars could be saved from threatened extinction after flourishing for more than 50 years.

The move would be feasible because it should also make the South African company a ‘considerable’ exporter of cars. The United States has been the prime customer for MGs, taking about 70% of the total output in recent years.

It was announced in London earlier this week that production of MGs would cease by the end of the year. This followed the failure of a consortium, headed by Aston Martin-Lagonda, to raise the money needed to take over the MG factory at Abingdon in England.

While it would be uneconomic for British Leyland to continue building MGs at Abingdon, the Leyland SA plants at the Cape have surplus manufacturing capacity. Leyland SA also has a plant to manufacture Mini engines which were the first engines manufactured in this country with locally cast engine blocks.

The Mini is being re-introduced in South Africa and the MG Midget uses basically the same engine.

By taking over the redundant MG plant and other MG components from its British parent, Leyland South Africa, could build the car in the country.

When questioned recently about reports in motoring circles that the MG Midget would be manufactured by Leyland South Africa, Mr Leslie Wharton, the company’s managing director, would neither confirm nor deny the statement. He is at present overseas on holiday.
Oppenheimer link in BP, Sel Trust, Cons Gold deals

BY NEIL DEHRMANN

LONDON: British Petroleum said Monday it wanted to buy Consolidated Gold Fields, according to The British Journal, Financial Weekly.

It quotes Mr. Harry Oppenheimer blocking BP’s approach to Cons Gold and in a good pro quo as backing BP’s bid for Selection Trust.

Financial Weekly says “The discovery of a secret meeting abroad BMS Belfast last November confirms that British Petroleum, which has launched a £400-million-plus takeover bid for Selection Trust, initially wanted to buy another mining finance house, Consolidated Gold Fields.”

“The meeting adds weight to City speculation about the informal arrangements made between the British oil giant and South African mining magnate, Mr. Harry Oppenheimer, over a complex carve-up of the mining sector.”

Almost as soon as the UK Government decided upon its £280-million sale of BP shares to the public last November, a secret meeting was negotiated between BP and Cons Gold on board HMS Belfast, moored in the Thames and a daytime London tourist attraction. The Friday evening meeting was attended by four senior executives from each company.

“In the ensuing months Cons Gold shares became the subject of continuous rumours of a stock accumulation culminating in the famous February £150-million dawn raid by Mr. Oppenheimer’s De Beers Consolidated and Anglo American finance group.”

“By open-market purchases of Cons Gold shares they amassed a defensive stake of 30%.”

THE CHIEF executive of Consolidated Gold Fields, Mr. Rudolf Agnew, said of the Financial Weekly report. “It is total fiction from a Cons Gold point of view.”

A BP spokesman said, “We are not prepared to comment on speculative stories.”

An Anglo American spokesman declined to comment.

The City editor of Financial Weekly said the sources were “impeccable.”

“It is considered significant that the dawn raid was launched almost at the same time as final payments were due on the Government’s sale of BP shares—a point in time when BP would be free of prospectus restraints.”

“Mr. Oppenheimer has a subsequent comments expressed the view that he believed the predator lurking in the background of Cons Gold’s share structure was not the rival South African General Mining group, but a major international oil company that company was clearly BP.”

“Having been blocked in its Cons Gold move, BP turn its attention to Selection Trust, whose largest single shareholder is the Oppenheimer-controlled Charter Consolidated, which holds 27.25%. It has close links with De Beers and Cons Gold.”

“Mr. Oppenheimer, therefore, has considerable influence over the terms Selection Trust will accept from BP. And, having been presented a takeover of Cons Gold, City suggestions are that subject to acceptable bid terms, Mr. Oppenheimer will support BP’s move into Selection Trust.”

“BP has been anxious to pursue long-term expansion and development of its mining interests, but few City observers believed that BP would be keen to go back into South Africa. However, a takeover of Cons Gold would not have precluded a hive-off of a large part of the South African assets to provide backing for Cons Gold’s major expansion in world-wide mining, in energy equipment, and its extensive business providing drilling and servicing rigs for the oil industry.”

The “Gold Fields group” is said to hold a large stake in the Ultramar oil group now enjoying success in both the North Sea and Canada, and so Mr. Oppenheimer’s unwillingness to see a BP-controlled Cons Gold is understandable.

BP’s ultimate bid terms for Selection Trust are expected to be a mixture of cash and loan stock worth upwards of £400-million which would be underwritten and probably have options for conversion into ordinary stock. This would water down the UK Government stake—split between 25.69% owned by the Treasury and 20.31% in the hands of the Bank of England.”

Before the article appeared several stockbrokers thought that a good pro quo deal between Mr. Oppenheimer and Cons Gold made a lot of sense—especially as Mr. Oppenheimer told The Sunday Telegraph that the original bidder for Cons Gold was not General Mining and “might have been an oil company.”

Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University.
Mr O gives nod to giant BP takeover

By HOWARD PREECE, Financial Editor

MR HARRY Oppenheimer yesterday gave his blessing and crucial approval to the biggest takeover deal in British financial history.

British Petroleum, the oil giant, announced details of a R768-million (£428-million) bid for Selection Trust, the US-based mining, mineral exploration and mining finance group.

A statement said the directors of both BP and Seltrust had agreed the deal.

Mr Oppenheimer's approval was, however, crucial.

He is chairman of Anglo American which holds a 36% stake—effective control—in Charter Consolidated, the British-based international mining finance group.

Charter holds a 27% stake (worth some R200-million) in Seltrust.

London commentators are unanimous that BP would not have made the bid for Seltrust without being certain of Charter's vital approval.

"Now they are asking what's in it, apart from a huge profit, for the Oppenheimer interests," one commentator said.

A popular theory is that the deal should be seen in conjunction with the 25%-plus stake in Consolidated Gold Fields that was acquired in February by Anglo and its stable companion De Beers.

The suggestion is that Cons Gold might be prepared to have off its 46% stake in Gold Fields of South Africa in return either for Anglo's stake in Charter or through some deal involving Mincoro.

Mincoro is a Bermuda-based international mining group in which Anglo holds 36%, effective control.

A spokesman for Anglo American said in Johannesburg last night that he had "no comment" to make on these London reports.

But mining analysts in Johannesburg say that the London commentators may be drawing too hasty conclusions.
LONDON.—THE biggest take-over bid in London's financial history is announced, with British Petroleum offering more than R768-million for the big mining finance group, Selection Trust, in another bid by a giant oil company to diversify away from oil.

British Petroleum and Selection Trust, both issued statements saying their boards had agreed to terms of a R768-million offer by BP for Selection's shares.

The announcement came after weeks of speculation. Three weeks ago BP said it was interested in the group and speculation hotted up after shares in the two companies were suspended on Friday.

It follows a trend by the world's leading oil companies to diversify their activities. BP and others have been turning their attention increasingly towards mining, coal and other minerals, in the face of rising oil costs, calls for oil conservation and the eventual prospect of oil supplies running short.

BP has made little secret of its wish to expand. Earlier this year, BP chairman, Sir David Steel said that although the company wanted to develop oil and gas resources wherever possible, it also wanted to move into other activities "mainly connected with the production and use of energy and other resources".

BP already has a successful mining division, BP Minerals, and is a big coal producer in the private coal industries of Australia and America.

But the acquisition of Selection Trust would be a major change in the shape of the partly government-owned BP.

The London-based finance group pumps money into mining projects, including nickel mining in Western Australia, copper, zinc and silver in Australia, and Canada; gold in South Africa and Nevada, iron ore in Australia and diamonds in West Africa.

The offer by BP is subject to agreement by the companies' shareholders and by the usual stock market and international authorities.

About 20 per cent of the shares in Selection Trust are owned by Charter Consolidated, the mining finance house, linked with Mr. Harry Oppenheimer.

BP said that Charter Consolidated intended to accept the offer, as did the directors of Selection Trust, who held about 20 per cent of the shares in their company.

BP is offering 18 of its shares for every five Selection trust shares. This works out at £3.46 for each Selection trust share based on stock market prices before Friday's suspension.

The total sum of £27,700,000 is about 56-million more than the previous record bid in London—set by Grand Metropolitan's takeover of Watneys Brewery Company in 1972.

Selection Trust shareholders have also been offered an alternative by BP, if they prefer cash.

This amounts to £12.75 a share which would value the whole company at £405,200,000.

BP said acquisition of Selection Trust would give it a vehicle for developing its mining interests consistent with its policy of expanding into non-oil based extractive industries.

Mr. Robie Adam, a BP managing director, said "We are very pleased that we have been able to reach agreement with Selection Trust, which represents some of the best expertise in the international minerals industry".

He said it was intended that Selection Trust would operate as a separate company within the BP group.

The chairman of Selection Trust, Mr John du Cane, said "We in Selection Trust have frequently expressed our faith in the future of the mining industry, and our belief that the world is facing a serious shortage of metals in the not too distant future".
Recent government actions have done little to encourage confidence in its even-handedness on the subject of monopolies. On the one hand, it recently passed the Maintenance and Promotion of Competition Act, with the apparent purpose of ensuring that competition, the foundation of the free enterprise system, remains unfettered.

On the other, it has in the course of the last year sanctioned or been party to the establishment of a number of monopolies or near-monopolies. The recent rationalisation of the liquor industry, for example, was fully sanctioned by government, was no shining example of trust-busting zeal.

On the contrary, it enshrined a cosy tripartite arrangement between government and English and Afrikaans-speaking business groups which has a strong flavour of monopoly. And the restriction on an early increase in beer prices exacted from SA Breweries would surely have met with approval from that arch interventionist, John Kenneth Galbraith, himself — permit a monopoly and then regulate it tightly in the public interest.

More recently, government, through the Industrial Development Corporation, has set up Atlantic Diesel Engines, and will compel users to buy their engines from ADE. For some of them it will mean expensive modifications to existing tractor and truck assemblies to accommodate an unfamiliar motor, and will entail an average cost premium of at least 30%.

The public will pay for this.

This was followed by a similar authoritarian approach to the manufacture of truck axles and powertrains, where the Afrikaans group, General Mining, has been given the exclusive right to set up a plant. This will put another 20% on to the price of most trucks. Again, the public will pay for this.

Despite government's claimed commitment to free enterprise, and despite the recommendations of the Franssen Commission in the early Seventies, government has allowed banks, building societies and, in particular, insurance companies to form unhealthy closer associations that frustrate the competitive forces of the marketplace.

The result has been such an upsurge in tied business practices to the detriment of the consumer that legislation is now being prepared to outlaw it. But in view of the many and large cross-holdings between banks and insurance companies, it is hardly likely to be a sufficient or practicable sanction.

Franssen argued that no banks be allowed to own more than 10% of an insurance company and vice versa. Since then, Sanlam has virtually absorbed Trust Bank as well as the Bankorp subsidiaries, and Volkskas has bought into Legal & General Old Mutual has brought within its umbrellal Nedbank, UAI and the SA Permanent Building Societies.

Most large banking groups have acquired insurance brokers and some, in particular Standard, have acquired their own building societies. Boardroom links exist between Barclays and the UBS and Volkskas and Saambou National.

No longer do the large banks complain to Church Square of the competition from building societies. They now have no need to. The larger building societies have their own captive underwriters with whom their bondholders are required to place their home insurance.

At the moment of writing, there rests on the desk of Dr Schalk van der Merwe, Minister of Commerce and Consumer Affairs, the Board of Trade and Industries' report on "monopolistic conditions in the supply and distribution of pharmaceutical products.

The BTI was entrusted with this investigation in terms of the earlier Monopolistic...
The report on the pharmaceutical industry contains no recommendations relating to market structure (like acquisitions), only to market practices. All the practices found by the Board to be against the public interest relate to matters like the collective maintenance of uniform profit margins, collusion over uniform tender prices and tender conditions, joint action to restrict the sale of pharmaceutical products to retail pharmacies, and the restriction of wholesale facilities to members of the Pharmaceutical Wholesale Drug Association.

It is likely that these proposals will enjoy a fair measure of public support cutting right across party political lines. So the potentially most contentious features of the Act (relating to acquisitions) will not be tested in this case.

**Scrutiny**

What, though, of other industries currently under scrutiny? These include the fertiliser industry, the sanitary and hardware sector, alcoholic beverages (including poultry), divestiture in retail distribution, the explosives industry and the Association of Travel Agents. Some of these investigations are unstilled business inquiries, like the pharmaceutical enquiry, from the Board on Trade and Industries. Only time will tell how the bare bones of the Act will be clothed with action. Or, given the peculiar nature of the historical relationship between government and the business community, in the interests of rapid growth and political stability, but there are some situations with a potential political dimension not under any circumstances to be ignored. One is the allegation of monopoly being by some National Party supporters addressed to the English-speaking press, meaning the Anglo and SAAN groups.

Then there is the potential expansion of the Anglo American Group to incorporate GUSA, a move which would give it control of some 60% of SA's gold production. Not too far removed from this sensitive area is the effort by Hanhill and Oliver Hill to break into AECI's explosives monopoly. Is it imagining too much to suggest that these two issues might be seen by some observers in one and the same context? In other words, any expansion of Anglo American might be regarded as possibly strengthening AECI's position?

For the present, there is much encouragement for businessmen in the approach of Competition Board chairman Dr David Mouton. He told the FM that his Board does not deal with problems in a high-handed way, preferring consultation to coercion. He does not regard businessmen as enemies of the public interest, but as people fulfilling a vital function for the community. The constant challenging of businessmen's motives is therefore most counterproductive. He does not believe in harassment of business, although the Board does have a vital function in ensuring that competitive market mechanisms are kept working in the public interest.

So, at least during Mouton's term of office it is possible to look forward to a balanced and even-handed approach to the monopolies issue. But that isn't really the point. No law or regulation should be framed around the personality or philosophy of one individual.

By all means, let us have a modicum of regulation, framed to prevent abuses of the free enterprise system. Collusion between cartels to fix prices or to raise barriers to entry into their industry or profession should not be allowed - because this represents a serious interference with market forces.

A monopoly per se is not a bad thing in SA where economies of scale are difficult to achieve in a small market, some monopolies are inevitable. What is important, though, is that the potential for competition is not stifled. The best way to do this is not to set up a board of civil servants with wide-ranging arbitrary powers and little imagination, but to frame laws which give greater freedom to the positive operation of market forces.

Government must decide where it stands for or against free enterprise. If it is for it must apply market principles without concern for whether State-owned corporations be Anglo or English-speaking or from Europe.

And it must remain the duty of all those with a genuine faith in free market principe to continue to draw public attention to each and every case of nascent or full-blown monopoly, and of a too-cozy relationship between business and government.

In the full implications of each case must continue to be laid bare for public scrutiny so that the case for free competition is never allowed to go by default.
The Davis, Borkum role in dawn raid

By NEIL BEHRMANN

LONDON. — The London Stock Exchange council's report shows that a Johannesburg stockbroking firm, Davis, Borkum, Hare, was intimately involved in the Anglo American/De Beers/Cons Gold dawn raid.

The report says "When it came to the ears of the directors of Anglo American and De Beers that somebody, or so they thought, was buying Consolidated Gold Fields in London on an unusual scale, their reaction was to think in terms of assembling a stake which would serve to maintain the existing balance of power in the South African gold-mining industry."

"They discussed the possibility with their London stockbrokers, Messrs Rowe & Pitman, as early as the northern hemisphere summer of 1979." Towards the end of last year the Anglo group began to accumulate shares. "From October 26, Rowe & Pitman were buying shares in Gold Fields on the London market for the account of a firm of Johannesburg stockbrokers, Davis, Borkum, Hare & Co."

"Rowe & Pitman have told us that they were aware that instructions were emanating from one of the companies in either a buying or friendly towards the Anglo American/De Beers group of companies."

"Rowe & Pitman were not to buy aggressively shortly before Rowe & Pitman received their first instructions from Davis, Borkum, Mr S E J Raven, a director of Akroyd & Smithers (a firm of jobbers in wholesalers of shares), had been in Johannesburg in connection with his firm's jobbing business."

"During the course of his visit he had spoken to Davis, Borkum and been told that during the summer of 1979, a significant number of shares of Cons Gold had been purchased in the London market by an unknown buyer."

Mr Raven explained how this could have been done. The brokers' jobbers (Akroyd & Smithers) then went into action.

"The procedure adopted by Rowe & Pitman for the execution of this order was that they left a buying order with Akroyd without placing any limit on either size or price."

"Each day the jobbers made a normal two-way market and attempted to end up as net holders of Gold Fields shares. Rowe & Pitman then bought the balance of Akroyd's book at the end of the dealing day.

"It was agreed that the jobbers would handle the currency arrangements and that they would report to Davis, Borkum daily and on the shares they had sold to Rowe & Pitman."

"Rowe & Pitman would then transfer the shares into nominee companies on instructions from Davis, Borkum."

Contract notes were rendered to Davis, Borkum and the firm had to deal with all registration formalities. Although Rowe & Pitman did not know how the shares were being allocated, the council "understands that the shares bought through Davis, Borkum were booked to De Beers."

"The buyers were aware that if they should exceed the level of 5% of the ordinary share capital of Cons Gold, they would become obliged to disclose to the company."

To counter this issue of legality, "another party was persuaded by the group to buy shares through Davis, Borkum on the same basis, that buyer in turn went on acquiring shares up to just under 5% of the share capital and a further party was then approached and the process continued. We have not been able to identify these parties."

"All parties obtained legal advice on the legality rather than morality of these transactions and, 'there appears to have been no thought in the minds of the buyers that they escaped UK legislation simply because they were not themselves UK residents.'"

"Shares were acquired steadily and by February 8 this year, 21 million shares of Cons Gold had been bought."

There is veiled criticism in the report of the broking parties involved, especially Davis, Borkum: "The instructions given to Rowe & Pitman were that transfers should be forwarded to their principals, Davis, Bork-
Nedbank could gain on sale of Rhobank

By DAVID CARTE
Deputy Financial Editor
IF EXPLORATORY talks with Bank of America are successful, Nedbank could become the first large South African company to sell off a Zimbabwean subsidiary since Mr. Mugabe's Government came to power.

Mr. Rob Abrahamse, chief executive of Nedbank, told Business Mail that Nedbank “has talked” to Bank of America about selling Rhobank, its 62% owned Zimbabwean subsidiary, but discussions had “not yet reached the negotiating stage.”

He said Bank of America had initiated the discussions.

With 80 branches nationwide, shareholders' funds of $2.5 million and total assets of $22.5 million, Rhobank is the third largest bank in Zimbabwe. Nedbank consolidated it but Rhobank represents less than 6% of Nedbank Group's profits and assets. Nedbank had shareholders' funds of R124 million, total assets of R3715 million and earned R479 million after tax in the year to end September 1979.

Banking observers said, if a sale is clinched, it would probably be beneficial to Nedbank, which, in recent years, has received only a small dividend from its relatively large Zimbabwean investment.

Nedbank observers said, “would not give Rhobank away.” They pointed out that by setting up a similar sized operation with total deposits of $2170 million and advances of $2131 million, Bank of America “quite a few million.”

Rhobank made $232 million in the year to September, 1979 and in the six months to end March, 1980 earnings were 6% ahead.

The forecast was that earnings would be maintained at the year end. Last year's earnings a share were 42c and the dividend was 3c, which, on Nedbank's 4,552,000 shares, translated into a dividend of $2.105 million for Nedbank.

Banking sources in Johannesburg point out that past performance was achieved despite sanctions and the war. Peace-time prospects in a country with international links again meant that past profits would have little bearing on a price for Rhobank.

Rhobank is valued in Nedbank's books at $27,342,000. The share stands at 46c on the Salisbury Stock Exchange. This values Nedbank's stake at more than $210 million, so a capital profit of at least $313 million is indicated.

Such a profit would not affect the income statement but would bolster Nedbank SA's reserves. This would enhance its already substantial capital surplus, enabling Nedbank to write more business and, if it felt so inclined, to be more generous with dividends.

There should be no problem repatriating the proceeds of any sale. Bank of America could pay Nedbank in US dollars with minimal reference to the Zimbabwean authorities. There seems little doubt that a successful deal would add to the Nedbank share price.
ITT may off-load stake in Altech

By DAVID CARTE

Deputy Financial Editor
INTERNATIONAL TELEPHONE and Telegraph Corporation (ITT) of the US, has agreed to sell its 2,434,000 shares in Allied Technologies (Altech), Altech's South African holding company, at an undisclosed price.

At current market value, the shares, representing 32% of the equity of Altech, are worth R34 million.

The giant US electronics multinational acquired the shares in Altech when it sold its subsidiary, STC to Altech in 1977. One of the conditions of the 1977 deal was that the controlling shareholders of Altech would have first option if ever ITT wanted to sell.

According to Mr Bili Venter, chief executive of Altech and chairman of Altron, the backers of Altech have always wanted to sell South Africanise the company as far as possible and have pressed ITT to sell ever since.

"Now they have agreed to sell and, for the first time in many months, a meaningful stake has become available in a company with a market capitalisation of R140 million, with a 20% compound growth rate. "It's an exciting situation but we have taken no decision on what to do. There are dozens of possible permutations and we would like to consider our options." 

Both Altron and Altech have large cash holdings and unused borrowing capacity, so the shares could be bought for cash by Altron, which already owns 52% of Altech. But this would not enhance the spread of Altech shares among South African shareholders - a prime desire of Altech's backers.

The Altech shares could be offered to one or a number of South African institutions, which, according to Mr Venter, have been frustrated trying to get meaningful stakes in the company. A stake of more than 25% carried blocking rights and could be highly desirable for a very large institution.

One way to achieve a better spread of Altech shares and at the same time broaden the company's profit base would be to use the shares to acquire a company that would marry well with Altech.

"While today's official statement from Altron says no decision has yet been taken, Mr Venter said the shares would not be allowed to fall into the hands of foreign investors."

This was tantamount to saying that one way or another they would be repatriated. At this stage no terms have been released, so it is not possible to establish the effect of the repatriation on the share price. Whatever happens, the marketability of Altech shares must be enhanced.

The official statement cautions Altron and Altech shareholders in their dealings before another announcement.
Concern in UK on 'raid'

From The Financial Times
LONDON — "As a result of the De Beers 'dawn raid', the Consolidated Gold Fields on the London Stock Exchange, the British Government is to consider the need for further legislation to cover the ownership of shares in publicly quoted companies."

Mr. John Nott, Secretary of State for Trade, has told the Commons that he will consider the case for statutory change "in the light of the forthcoming Department of Trade report on the acquisition by De Beers of 28 percent of Consolidated Gold Fields.

Mr. Nott was speaking in response to four questions dealing, with the controversy over De Beers' offer, and also, with the possibility of new legislation on disclosure of action by a group of shareholders who together acquire more than five percent of a company.

Hours after Mr. Nott's announcement, a private investment company acquired a 29.9 percent stake in Gough Cooper, the housebuilder, in another "dawn raid." Starwest Investment Holdings bought 23-million Gough Cooper shares in less than 20 seconds for 628 million pounds sterling, the Financial Times reported."

---

By DAVID CARTE
Deputy Financial Editor

A MAIDEN profit at Coalplex, the resumed dividend from Triomf and a better performance by all major divisions lifted AECI - South Africa's biggest chemical group - to an 80% earnings increase in the six months to the end of June.

The interim report shows group sales up 40% to R351 million and pre-tax profit up 56% ahead at R33 000 million.

Thanks to a tax rate that dropped from 35.5% to 22.5%, the company was able to stretch attributable profit soared 81% to R25.4 million. Earnings a share were 50% better at 30.2c.

Profits are stuck on the conservative life method of stock valuation.

The interim dividend was raised 50% to 12c.

The report says all major divisional managers contributed to the improvement, but growth in agricultural, cultural nitrogen, industrial chemicals, paints, plastic pipes and vinyl products was "particularly noteworthy".

At a news conference at which the results were released yesterday, AECI managing director, Mr Denis Marvin, said the improvement at Coalplex had been "very material" to the group's first-half improvement.

The R78 million resumed dividend from Triomf was another important factor. This added 0.2c to earnings. Without this, the earnings improvement would have been 14% to 30c.

AECI forecasts that profits in the second half will be significantly higher than those earned in the second half of last year.

Asked if earnings could still be 80% at the year end, Mr Marvin said: "That would be nice, but there will not be another dividend from Triomf in the second half, so it's not likely."

But "the ship's in good shape and we don't see a downturn for quite a long time."

Reporting on development projects, Mr Marvin said AECI was not rushing into the methanol project. "Much appraisal work remained to be done."

With the best will in the world, there would be no go-ahead until 1990.

The R40 million expansion programme at SA Nylon Spinner was on schedule and would come online in the second quarter of next year, and the polyvinyl chloride plant would open in 1981.

While these results were gratifying, he stressed that profits were not excessive. "Returns on AECI's huge investments have been less than acceptable during the recession and on a current cost accounting basis, the group was earning only about 6% after tax on its investments compared with a "reasonable" return of 8.5% pre-inflation.

Mr Marvin said AECI was dependent on the PVC exports. It had exported 16 900 tons of PVC and expected to export 18 000 tons this year. Recession in the West had put pressure of export prices and the hardening rand was another problem.

Coalplex would be more solidly and permanently in profit when the South African market took more of its production.

Mr Marvin expected all Coalplex's production to be sold in SA by 1984.

Only after this was a second Coalplex, with Sentracore to come the major shareholder, likely. Because capital spent extending an existing plant was four times more cost effective than capital spent on a greenfield plant, it was possible the existing plant would be extended first and Sentracore offered a bigger stake as this happened.

Mr Marvin revealed that AECI was considering entering a technical agreement with an American chemical company in terms of which AECI would give the American company technical knowledge on coal liquefaction in exchange for the US company's expertise on coal liquefaction.

The US company was building a coal liquefaction plant which was planned to come on stream in 1985. He said: "The future is coal and AECI is unique among diversified world chemical companies of its type in having 30% of its assets coal-based."

Mr Marvin saw the skilled labour shortage as one of the most formidable bottlenecks threatening the group, but said recruitment efforts in the UK had been successful.

Asked about security, he said all AECI plants were insured, and as far as was practicable, were well protected and designed to avert catastrophe.

It seems a safe bet that AECI will improve year-end earnings 50% to 72c. While dividend cover at the current 30c was raised to 2 from 1.7 at the year-end, this was probably because of the Triomf contribution and it would be no great surprise, given the quality of these earnings, if the dividend also rose 50% to 45c. This puts the counter, at the new high of 95c, on a prospective yield of 9.6%.

It might look expensive, but this is a counter with a vested interest in rising oil prices, which makes its coal-based chemicals ever more competitive.
No gov't probe into 'dawn raid'
Report on De Beers causes stir in UK

LONDON — The Department of Trade has been urged to consider whether De Beers committed a criminal offence in its controversial "dawn raid" takeover of Consolidated Gold Fields early this year.

The recommendation is made today in an official report by Department of Trade inspectors.

The secretly operated takeover raid on Consolidated Gold Fields shares was masterminded by Mr. Harry Oppenheimer and involved both De Beers Mining Company and Anglo-American Corporation.

The report, released this morning only hours before the Stock Exchange Council was due to meet to consider its own special committee report and recommendations, has caused a stir in Stock Exchange circles.

It recommends a change in the law to enable the courts to prevent such raids and deprive companies of "the fruits" of such enterprises.

FRUSTRATED

But in the case of De Beers, the report concedes, any proceedings may be frustrated by the fact that the raid was conducted by a foreign company.

The report says in its conclusions: "We are satisfied that De Beers formulated its scheme with the express intention of avoiding the disclosure provisions of the Companies Acts."

"It is within the law for a person to arrange his business affairs in such a manner that he avoids the consequences of legislation.

"We are not, however, wholly convinced that the scheme, in this case, if properly conducted, would have successfully prevented any company, person, or persons from acquiring an interest as defined by the Act."

The inspectors say they encountered difficulties in finding out the relevant facts about the transaction because De Beers is a South African company."
LSE move on dawn raids

From The Times

LONDON — The Stock Exchange Council has come out in favour of a system of controlling dawn raids which was specifically rejected by the report of its own special committee a month ago.

The report was published in response to the acquisition by Anglo American and De Beers of almost 12 percent of Consolidated Gold Fields.

The raid was accomplished by Rowe and Pitman, the stockbrokers, standing in the market place and offering an 18 percent premium on the going price of the shares.

Gold Fields said the controversy arose because only 200 of its 40,000 shareholders had a chance to sell at that price.

Since then a series of such raids has put pressure on the stock exchange, intensified by yesterday morning’s Department of Trade report on the Anglo deal, to lay down ground rules.

The special committee came out against a “tender” system, but after a meeting today of the Security Industry, the city watchdog...
De Beers, LSE 'not impressive'

The Star Bureau

LONDON — While important changes in British company law could result from De Beers's controversial "dawn raid" on the shares of Consolidated Gold Fields, Fleet Street financial editors feel there is still a "reluctance" to admit that there was anything wrong with the deal.

But there is a general consensus, following the publication of the Department of Trade's report on the deal, that De Beers Mining Company comes out of the report badly.

One city editor, Patrick Lay in the Daily Express, says that Mr Harry Oppenheimer, has tarnished his "Mr Nice Guy" image by resorting to his back door methods of gaining the 25 percent stake in Gold Fields.

The report by two investigators, ordered by the Department of Trade following an outcry over the covert buying of shares by De Beers, was given prominence in most of the serious Fleet Street newspapers.

In his analysis of the report the financial editor of The Times says that while De Beers comes out of the report badly, the behaviour of the Stock Exchange is also "hardly impressive."

He was referring to the "alarmingly off-hand response" by the Stock Exchange to the increasing urgent demands from Consgold to put their shares on the "illegal system" which they felt — though the inspectors did not agree — would have revealed the buyer.

"Given all the evidence, it is hardly surprising that the inspectors have concluded that De Beers stalled Consgold using a system designed specifically to avoid its exposure under the 5 percent rule," says The Times analysis.

"But the inspectors were finally not convinced this system would have worked, if it had operated perfectly, which it didn't."

The Guardian's financial editor says it "seems certain" that De Beers will be prosecuted for its "accidental breach of company law."
Britain bans stock market "dawn raids"

LONDON — Stock market "dawn raids," in which a buyer makes rapid and large purchases of a company's shares, have been banned in Britain. They will not be allowed again until a complete code of conduct has been drawn up by the Council for the Securities Industry, the City's main watchdog body on which both brokers and institutional investors and banks are represented.

The Department of Trade intends publishing a consultative document on Monday recommending changes in the 1948 and 1967 Companies Acts. These moves stem from a probe this year when Anglo American and De Beers secretly bought 12.1 percent of Consolidated Gold Fields and then purchased another 11.6 percent in a matter of minutes on the stock market.

© Page 17: De Beers not impressive.
Dawn raid spurs rethink on law

By NEIL BEHRMANN

LONDON — The UK Department of Trade has recommended changes in legislation after the De Beers "dawn raid" on Consolidated Gold Fields.

In a consultative document, "Disclosure of Interests in Shares," the department suggests changes in UK company law.

It also advises that the Secretary for Trade should have legal powers to cancel the shareholdings of unidentified nominee shareholdings if a company or Secretary for State cannot obtain disclosure of the identity of the buyers.

This is the third document on "dawn raids" and is a direct result of the furor which has resulted from the De Beers-Anglo accumulation of 25 percent of Consolidated's share capital from October last year to February.

The first document was issued by the Council of the Stock Exchange.

The second was the Department of Trade's 55-page investigation and the final document recommends changes in legislation.

All the documents stated that the De Beers group and the parties involved, including Johannesburg stockbrokers David Barkum Hare, did not break the law.

The laws applied the methods of accumulation and the registration of shares, where the parties conducted their activities within the ambit of existing laws.

Under existing UK law if investors or companies buy 5% or more of the voting shares, they must disclose their identity.

Each nominee holding bought just under 5% of Consolidated and then stopped buying. With the exception of one, where a genuine mistake was involved, there was no need for disclosure under the law.

However, the Department of Trade investigation finds that the nominee companies were connected and were buying shares for the same purpose — to build up a stake in Cons Gold well in excess 5%.

The parties also delayed registration of shares. Though this does not break the law, the Department of Trade says, "if the shares had been registered, even limited investigation into (nominee companies) Dido, Fermam and Security, nominees should have disclosed the probable identity of the company for whom they acted as nominees."

In the consultative document, the Department of Trade says though there would be considerable difficulties in imposing statutory requirements on ad hoc combinations of persons or companies acting in concert or by arrangement, "the Stock Exchange Council and the Council for the Securities Industry (consider) the scope for supporting the spirit of the law by strengthening their non-statutory regulations on the interests of an informed market."
De Beers Consolidated stake is now 25.8%.

LONDON — De Beers Consolidated Mines said yesterday it had exercised an option on a further 1,000,000 shares in Consolidated Goldfields, bringing the joint De Beers-Anglo American stake to 35,500,000 shares or 25.8%.

De Beers said the stake was split equally between De Beers and Anglo but under UK company law De Beers was deemed to be interested in Anglo’s Consolidated shares because De Beers held over one third of the voting power in Anglo.

Reuter
Anton Rupert may be moving into diamonds

 Own Correspondent

 CAPE TOWN. — Dr Anton Rupert seems set to move into diamonds through a 'takeover' of the Cape Town-based diamond mining group, Trans Hex, after the decision of the boards of the two controlling companies, Naskor and Seeland, to recommend acceptance of the Rembrandt offer.

 Naskor holds some 33% of Trans Hex while Seeland has 26%.

 Rembrandt's bid, made by a subsidiary of Rembrandt Industries, which is expected to end up with slightly over 50% of Trans Hex, is after a proposed merger of the three Trans Hex companies if the offer is approved by shareholders.

 Naskor shareholders are being offered 1.25c per share and 50 shares in the merged group for every 100 shares held.

 The Seeland offer is 15.575c per share and 50 shares in the new group for every 100 Seeland shares held.

 The Trans Hex shareholders are being offered 1.25c per share plus 25 shares in the group for every 100 shares held.

 The Trans Hex chairman, Mr Hofie Hoffman, has issued the following statement:

 "After considering all the matters which followed the offer by Corporate Credit Services, to the shareholders of Naskor and Seeland, which involved the disposal of partial disposal of their interests in the companies, the boards of directors of Naskor and Seeland and the consortium of shareholders which formed themselves into a controlling group wish to announce that they support the offer by Rembrandt Industries Limited."

 "The parties are of the opinion that the latest proposals meet all the requirements and are in the best interests of all the shareholders."
Trans Hex goes to Rembrandt

By ALEC HOGG

At last, it seems, the wrangle for the Cape diamond mining group Trans Hex has ended. The company intends accepting the Rembrandt subsidiary Partnership in Minum's offer of 75c a share.

This is a coup for Dr Anton Rupert's group following Trans Hex's simultaneous rejection of the "substantially better" offer proposed by Rand London through its merchant banker Finansbank.

Trans Hex says it does not see its way clear to prolonging the "drawn-out uncertainty regarding the future of the company".

The board believes that the total takeover offer by Rand London is not possible since it is in direct contrast to the well-known attitude expressed by some shareholders who do not want to part with their holdings.

"On inquiry Rand London's representatives indicated that a scheme could be considered with the board whereby shareholders not wishing to sell, may be accommodated," says a statement.

"At the same time it became apparent that they are not in a position to make any concrete proposals regarding their declared intention.

"On the one hand they state that they are prepared to make an offer which is 'substantially better' than the R2.75 per Trans Hex share offered by Partnership in Minum, but on the other hand make everything subject to the condition that they be given the opportunity to verify the stated ore reserves of Trans Hex group.

"In reality they seek the cooperation of the board to structure an offer, but at the same time keep the option open to terminate the approach."

"It is thus evident that the board has no offer to consider, that the whole affair is clouded by uncertainties and that it is not clear when matters will be finalised, if ever."

In terms of the Partnership in Minum offer, Seeland and Naskor, (whose only assets are interests of 25.7% and 41.5% respectively in Trans Hex) will merge with Trans Hex.

After the scheme comes into operation, the new company, called Trans Hex Group Hopack will be a wholly owned subsidiary of Partnership in Minum, and will have an authorised capital of 3,500,000 shares of no par value. Based on the values placed on the different interests for the purposes of the schemes, a Trans Hex Group share would have a value of 390c.

Once the schemes have come into effect, current Trans Hex shareholders will receive 75c shares in the new company and R138.50 for every 100 Trans Hex shares held, Seeland shareholders will receive 45 shares in Trans Hex Group and R179.50 in cash for every 100 Seeland shares held, and Naskor shareholders will receive 59 shares in the new group and R165.50 in cash for every 100 Naskor shares held.

Shareholders may in addition to dispose of their holdings in the new company at a price of R3.90 for every Trans Hex Group share.
Ding-dong fight for control of Trans Hex

By Jean Moon

The battle for control of Trans Hex continues to rage after four months. The latest piece of strategy is a claim by Partnership in Minaung, a Rembrandt company, to have established a control situation in Nascor Mynbou and Trans Hex.

At the same time, the only other contender left on the scene — Rand London — has made a counter offer equal to Partnership's. Both contenders are now offering 432c a share for Nascor and 432c a share for Trans Hex.

Partnership is also negotiating with Seland Mynbou for an acquisition of its shares in Trans Hex.

If Rand London is successful with its bid, it will seek an early opportunity to extend to all other shareholders in the Trans Hex group the benefit of an offer or a listing for shares.

Bernard Holtshoven, Rand London's managing director, tells me that as it has received little cooperation from Trans Hex's directors with regard to the condition of its bid that it is able to examine and confirm the reserve of the Trans Hex site, it has now limited its bid to 50 percent of the company — which will still give it control, but puts it less at risk.

Bidding for the Namakaland diamond mines began in July with a bid by Laurie Korsten of Volkskas Merchant Bank at its private capacity for 60 percent of Trans Hex. Then the Theron/Katz and Lurie rationalisation offered Seland shareholders R200 cash plus 25 shares in the new Trans Hex company for every 100 Seland held. Nascor members were offered R220 cash plus 25 shares in the new company for every 100 Nascor held.

Then came Osta Diamonds and Natal Mine's bid, up to 335c for Nascor, 330c for Seland and 285c for Trans Hex.

Partnership's original offer was R195 plus 20 shares for every 100 Nascor, R195.50 plus 45 new shares for Seland and R188.50 plus 35 new shares for Trans Hex.
Rembrandt offers
cash in Trans Hex

By Jean Moon

The winner of the Trans Hex paper chase has crossed the finishing line. But the victor Partnership in Mining, a Rembrandt company, has abandoned paper in favour of cash.

While Partnership already has control, it has nevertheless offered to acquire up to 50 percent of the shares in each of the three companies. Shareholders in Trans Hex have been offered 423c, in Seeland 550c and Nasko 600c for their shares. Those wishing to accept the offer should deliver share certificates to Partnership in Mining before December 5.

At the final stages of the four-month race, only two contenders were left. But as the two, Partnership and Rand London, neared the winning tape, the latter was given the cold shoulder by the board of Trans Hex even though its offer matched that of Partnership.

However, although it is part of Rand London’s long-term strategy to get into gold and diamonds — and such openings do not present themselves often — all the defeated contender is suffering from at the end of the chase is a slightly bloodied knee.
Oppoenheimer within sight of Cons Gold target

The Star Bureau

LONDON — Mr Harry Oppenheimer, chairman of both De Beers and Anglo American, is now just 5.6-million shares away from the 29.9 percent stake he wants to buy in Britain's biggest mining finance house, Consolidated Gold Fields, according to a financial correspondent of the New Standard.

He says that the De Beers camp has revealed that they now own 50,008,750 Cons Gold shares, or 26.8 percent of the capital enlarged by the rights issue.

"The figures imply that Mr Oppenheimer's empire has been a determined buyer of Cons Gold shares since the 181-million Sterling issue nine days ago, having picked up almost 4-million shares in the market," he writes.

At Rowes and Pitman, who organised the down raid and the original purchase, partner Oliver Haring, "it will be done in the most secret possible way," he says.

"The presence of a top determined buyer, says the New Standard's correspondent, is sure to sustain the Cons Gold share price at least until the 29.9 percent target is reached."

"In spite of all the denials, Lord Errol, chairman of Cons Gold, and his men must be wondering just how Harry finds the money to purchase all this company just too much for watering to resist," he concludes.
Fertiliser probe: call to publish interim report

Farming Correspondent

The interim report of the Committee of Inquiry into the Fertiliser Industry, should be published forthwith, a prominent Progressive, Federal Party politician said in Johannesburg today.

Mr Rupert Louwer, MP for Orange Grove, said the report had been submitted on Monday to the ministers who were members of the Cabinet's food committee.

It made sweeping recommendations to contain the price of fertiliser.

According to a newspaper report, the committee report was being treated as top secret, and it was feared that its publication might be substantially delayed.

Mr Louwer said that in view of the urgency of matters relating to the inflation of food prices, he was going to urge the Minister of Agriculture to persuade his colleague, the Minister of Industry, Commerce and Tourism, to arrange for the immediate publication of the interim report.

Farmers had a right to hear the views of the expert committee before the announcement of next season's fertiliser prices.

It had also been reported that as a result of the uncertainty surrounding Government fertiliser policy, the cost accountants of the Department of Industry, Commerce and Tourism were working simultaneously on three alternative fertiliser price calculations for next season.

The first calculation was according to the existing formula, the second one to a formula recommended by the committee, and the third according to a compromise formula devised by the department.
Harry O’s hand in billion rand plan

Oppenheimer’s R8 000-million empire seems poised for exciting ride via a new sortie by Cons Gold

By Stephen Orpen

CONSOLIDATED Gold Fields, the billion-rand London-based mining house in which Harry Oppenheimer’s still larger Anglo American group recently acquired a controversial strategic stake, is gearing up for a huge acquisition.

This is the word from London, New York and Johannesburg sources, although Anglo itself is remaining tight-lipped.

Aramco, Newmont Mining and Phelps Dodge are angling out as the most likely targets.

Consgold — which is now 22.5% controlled by Mr. Oppenheimer’s interests — recently announced a $400-million rights offer. Also, as Thomas Jaffe reports in Forbes magazine, it can add greatly to its “war chest” by borrowing as much as $1 900-million.

That means a total purse of a massive $1 900-million with which Consgold can buy another mining group. However, Jaffe says the hunter “claims it won’t go to the limit on debt.”

Anglo American Corporation told me this week that it is not for us to comment. Consolidated Gold Fields is independently managed.”

No doubt. But equally, the Anglo group wins powerful influence.

Officially, the $2 900-million-a-year Consgold group admits only to shopping for related fields.

But, according to New York analysts, eager Wolf Streeter and others, the major tender offer for Anglo.

There are two schools of thought about the Anglo hand in any plans Consgold may have.

The first argues that a major acquisition by Consgold would embarrass Anglo by increasing the likelihood of an investigation by the Americans into the Anglo-De Beers substantial interest that the much-wanted hostility between Anglo and Consgold (which arose when Anglo grabbed its de facto controlling interest in Consgold) has been defined.

The reasoning here is that Anglo has in fact stabilised what was a highly political situation in Consgold. As important, in Consgold’s chief, Ralph Agnew, the group has a powerful man on Anglo’s board who would see the advantages of working with instead of against Anglo strategy.

In turn, Anglo has one of its three top men, Julian Ogilvie Thompson, on the Consgold board and he is a specialist in large financial manoeuvres.

Not least, Consgold could raise more cash more conveniently than any other vehicle in which Anglo has a major stake.

The end result here is seen as a major acquisition through Consgold followed by rationalisation of Anglo’s main overseas vehicles, including Charter, Minero and Engelhard Mineral and Chemicals Corp.

If one compares what has so far occurred between Anglo and Consgold with the much earlier deals between Anglo and Engelhard, the full extent of future possibilities is underlined.

The Engelhard group now has revenues of more than $18 000 million a year, of which around 45% are from the sale of crude oil and related products.

To Page 3

There, Consgold is regarded as virtually an Anglo subsidiary and American watchdog agencies have been constantly on the lookout for ways to trap Anglo-De Beers under monopolistic and related legislation.

Protagonists of this argument feel Anglo is more likely to choose its own sub-groups, Charter and/or Minero — huge in their own right — to expand by takeover. Certainly Charter could produce hundreds of millions in cash if necessary for this purpose.

By contrast, however, there is growing support for the argu-
gov Areas en Modderfontein
dalk tog, saam

DIE kans is baie sterk dat Government Areas vir Modderfontein B, wat deur mnr. L. C. Pouroulis beheer word, gaan oorneem. 'n Aankondiging kan dalk vandeesweek kom.

Geregule het die laaste ruk die ronde gedoen dat geen ooreenkomst tussen die twee maatskappye bereik kon word. Die teenoorgestelde kan dalk waar wees.

Indien die ooreenkomst voortgegaan word, sal Government Areas se aandelekapi tal van die huidige 8,4 miljoen aandele tot 12,7 miljoen verhoog word. Die nuwe aandele sal gebruik word om mnr. Pouroulis vir Modderfontein B te betaal.

Teens die huidige mark pryse plaas dit 'n waarde van sowat R6 miljoen op die transaksie.

Die kouding wat die Ontvanger van Inkomste oor die transaksie ingeneem het, het egter na bewering vir vertragings gebring.

Die Ontvanger wou glo gehad het dat mnr. Pouroulis belasting op die wins uit die verkoop van Modderfontein B betaal, omdat hy in dié geval as 'n handelsaar in mynhoop beskou word. Dit sou beteken dat hy sowat R4 miljoen in kontant moes kry omdat hy nie belasting in aandele kan betaal nie.

Na aftrekking van die mynbelasting en persoonlike belasting op die wins wat mnr. Pouroulis nou uit Modderfontein B maak, kan hy nie, veel meer as 17 persent van die voorbelaste wins uit die bedrywighede in, sy skak steek nie.

Dit sal daarom vir hom aantreklik wees om die een of ander ooreenkomst met Government Areas te sluit en só sy belastinglaste te vermindere.

Government Areas het 'n aansienlike aangeslote virverlies, en uit mnr. Pouroulis se oop punt sal dit die moeite wees om sy huidige belang in Modderfontein B te verruil vir 'n groter belang in Government Areas, wat na aan Modderfontein B is.

By besef 'n persent sowat 25 persent van Government Areas se aandele.

Volgens die omsendbrief wat Government Areas vorig jaar aan aandeelhouders gestuur het, het die mnr. sowat 2 miljoen ton se ertsreservere bovengedra met 'n gemiddelde opperflakte van 1,75 gram per ton. Ondergrondse ertsreservere word op 30 miljoen ton, met 'n gemiddelde opperflakte van 3,0 gram per ton, gestel.

Government Areas het 'n aansienlike hoeveelheid sand, en skyn om te verwikke.

Modderfontein B beskik oor aansienlike sandhopen, genoeg om twintig jaar te hou, wat vir herwinning gebruik kan word, asook 'n aansienlike hoeveelheid ondergrondse hoeveelhede. Van hierdie sand kan maklik na Government Areas pomp word as dit nodig wou wees.

Na vername word, gaan die aanleg by Government Areas aansienlik uitgebried word. Kapitaalbesteding van sowat R6 miljoen word genoem.

Volgens berekeninge kan die verdienste van die vergrote groep soos volg daaruitsien: 1981: 40; 1982: 70c en in 1983 sal dit daal tot sowat 50c omdat die geneem word, verlies dan uitgevoer en die maatskappy vir belasting aan- spraaklik sal wees. Hierdie berekeninge is 'n koudvoorskyn.
Mutual het nou 40 p.s. van Tiger

Deur GERT MARAIS

OU MUTUAL het sy belang in Tiger Oats vandeesweek verder opgestoot en hy kan nou nie veel minder as 40 percent van Tiger se aandele hou nie. Dit beteken dat mnr. Natie Kirsh se plan om 50 percent van Tiger te koop, nou finaal van die baan is, want Ou Mutual is nou in 'n onbetwiste beheerposisie.

Ou Mutual het verlede Saterdag bekend gemaak dat hy sy aandeel in Tiger van 21,9 percent tot 28,9 percent verhoog het. Dit is gedoen deur sy belang in Adcock-Ingram te verruil vir nuwe aandele in Tiger, en aandele in Tiger wat deur die Oceano-groep gehou is, teen R17,50 per aandeel te verkry. Priekste transaksies met ongeenome persone is ook aangegaan vir nog aandele.

Die verdere verhooging van 28,9 percent tot sowat 40 percent is vandeesweek deur transaksies op die Effektebeurs gedoen. Ou Mutual het die prijs van Tiger se aandele so na as maandaglik aan R17,50 gehou en in die proses het sowat 13 percent van die maatskappy se kapitaal van eienaars verwissel. Die markwaarde daarvan is na aan R25 miljoen.

Enige hoop wat mnr. Natie Kirsh nog gehad het om 'n suksesvolle aanbod vir Tiger te maak, is daardeur verpletter.

'n Woordvoerder van Ou Mutual wou nie sê presies hoe groot die belang in Tiger nou is en hoeveel dit verder verhoog gaan word nie.

Dit lyk of die aankope op die Effektebeurs 'n tweeledige doel het. Vir eerstekans Ou Mutual daarmee seker dat Tiger nie sonder sy goedkeuring oorgegene kan word nie, en ten tweede kry - minderheidsaandeelhouders daarmee 'n geleentheid om hul aandele teen die huidige hoë prys te verklop as hulle wil. Albei "doelstelling" is egter op vir kritiek.

Ou Mutual se benadering is waarskynlik dat hy in Tiger se vooruitgang oor die langtermyn belang stel. Hoewel Ou Mutual dit nooit sal sê nie, is by dalk bang dat iets soortgelyk met Tiger sal gebeur as wat met baie maatskappye gebeur het wat Jim Slater en Oliver Jessel oorgeene het Van hulle is nou nêrens nie.

Ou Mutual se vrees was waarskynlik dat mnr. Kirsh dalk meer in voordele op die kort termyn belang sal stel as hyself. Dit kan 'n laer dividendendekking en hoër dividendde tot gevolg hé, wat op die kort termyn groot byval sal vind, maar noodwendig op die lang termyn in die maatskappy se voordeel sal wees nie.

Mnr. Kirsh, aan die ander kant, sê gevoel was weer dat aansienlike voordeel verkry kon word uit die samevoeging van Metro Cash en Carry, met sy groot kontantvloei, en Tiger, met sy groot bates. Metro se kontantvloei, sal gebruik kan word tot Tiger se voordeel en hoër dividerende sal op hierdie maier moontlik gemaak word sonder om Tiger te benadeel.

Tiger se dividendendekking is nou 4 keer, terwyl Premier Milling, sy groot mededingers, 'n dekking van 2,6 het.

Metro is in 'n bedryf waar 'n groot deel van sy afset vir kontant gedaan word, maar hy krediet het om vir sy aankope te betaal. Hy het dus altyd kontant.

Tiger is in die teenoorgestellerie posisie. Hy moet sy kliënte van krediet voor- sien en in 'n tyd van hoë inflasie word dit 'n al hoe groter probleem. Tiger het verlede jaar effektief R5 miljoen per maand geleen. Hoewel hy dus groot winste maak, het hy nie kontant nie.

Die tweede punt van kritiek raak die minderheidsaandeelhouders.

Mense wat sy sympathie staan teenoor mnr. Kirsh sê dat hy verkeerd opgetree en die beskerming van Ou Mutual te soek toe daar sprake van 'n aanbod was. Alle aandeelhouders moes self 'n kans gekry het om wat goed vir hulle is.

Dit storie lui dat mnr. Kirsh die voorsitter van Tiger, mnr. Rudie Frankel, met die voorstel genader het dat Metro 50 percent van Tiger koop. Mnr. Frankel het Ou Mutual wat sy grootste aandeelhouer was en is, dadelik genader om 'n moontlike oornome te voorkom.

Die res is geskiedenis. -Tiger, ICS en Common Fund se noterings is opge- skort sodat Ou Mutual, sy belange in die voedsel- en verwarte becroye kon her- struktureer.

Mense wat hierdie ge- kant is, sê Ou Mutual het hiermee artikel 223 van die Maatskappywet oortree, omdat hy binneiniging van 'n moontlike aanbod gehad en in die aandele handel- gedryf het terwyl dit opge- skoor was.

Of dit wel sô is, is 'n ander storie.

Minderheidsaandeelhouders in Tiger is nêemin die geleentheid ontleen om self meer vir hul aandele te kry as wat Mutual nou daarvoor op die beurs betaal, want Metro se aanbod sou ander aan R25 gewees het.

Ondanks die kritiek op Ou Mutual se optrede het hy een van die vannigste en doeltreffendste verdedi- gings in 'n lang tyd teen 'n moontlike oornome van een van sy beleggings opgebou.

4 Do not write in the left hand margin

WARNING

1 No books, notes, pieces of paper or other material may be brought into the examination room unless candidates are so instructed

2 Candidates are not to communicate with other candidates or with any person except the invigilator

3 No part of an answer book is to be torn out

4 All answer books must be handed to the commissioner or to an invigilator before leaving the examination

Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University

Made in South Africa  1700 2000 1978  200 UCT AM7a  Vervolge in Suid Afrika
STANDARD Bank's premises in Midrand have been bought by another financial institution — Volkskas.

The bank has taken over a portion of the premises formerly occupied by a hospital. The building will be used for commercial purposes.

The bank's office in Midrand will be closed on Monday, June 18. The new office will open on Tuesday, June 19.

The bank's customers are advised to use the new office for all transactions.

Volkskas expects to be fully operational in the new premises by the end of September.
MURRAY & Roberts is said to be the bidder for control of Tollgate Holdings whose shares have been suspended on the Johannesburg Stock Exchange.

It is believed that M & R, which has been steadily diversifying its investment portfolio, is interested in all the Tollgate assets, except the insurance group.

Tollgate is a well-diversified operation which includes Cape Town and Port Elizabeth transport companies, finance and investment undertakings, property, the Shield insurance group which underwrites both life and short-term cover, and some manufacturing and service companies.

The price at suspension was 430c which gave a yield of 4.6%. The last accounts, those for the year to June 30, 1979, showed a net worth of 430c, with net assets of R6-million.

The accounts state that the profit of the Shield insurance group were not consolidated, but it was not explicitly stated whether or not Shield assets were included other than as an investment.

The directors control 33% of the capital directly, but it is possible that the holdings of the Pasvolsky family could constitute control because the company was built up through the efforts of Mr I Pasvolsky.

If Shield is left out of the deal, it might continue as a separate entity or it might be sold to another insurance group. The group’s assets are R43-million.
25% of Grinaker for D & H

By ELIZABETH ROUSE

DARLING & Hodgeson from the Unicorp stable was the bidder for Grinaker Holdings, but there will be no merger although D & H has obtained a 25% holding in Grinaker.

UAL says discussions between the two groups did not result in a basis, in principle, being determined for a merger and talks have been terminated.

Grinaker's directors were advised that D & H had acquired Grinaker ordinary shares and/or options to buy ordinary shares in Grinaker, which together represented an interest not exceeding 25%.

Effective control of Grinaker is held by its directors and certain associates. They do not envisage that the D & H transactions will alter this position.

According to latest available shareholding figures, chairman Mr Ola Grinaker, directors and family held about 30% of the share capital. Legal & General held 4.18%, Sanlam 3% and various pension funds' interests ranged from about 0.3% to 2.67%.

Talk was that Fisgardbank obtained the options on behalf of D & H through the market and from non-family shareholders. The option was said to be based on a price around 85c and could have been based in cash or kind.

The Grinaker family apparently started the option or proxy quest to ward off the takeover bid; so the family holding might now be larger.

It must have been an interesting battle reminiscent of the Anglo-Corsa Gold tussle. Perhaps this is not the end of the story. The Gemm-Unicorp group would be happy to strengthen its construction interests and gain entry to the electronics market through what was formerly Racial Electronics, which Grinaker bought for R1 700 000 from the UK parent in 1978.

Grinaker shares will be reinstated on the Johannesburg Stock Exchange today. The suspension price was 76c.
UNIVERSITY OF CAPE TOWN
EXAMINATION ANSWER BOOK

SECTION C

All answer books must be numbered

<table>
<thead>
<tr>
<th>Number of books handed in</th>
<th>Number of this book</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
</tr>
</tbody>
</table>

SAFICON drives up its profit by 59%

Bulo C. Bulo

BUOYANT Mercedes and Volkswagen sales and a bigger stake in the prosperous building materials supplier, Boumat, lifted Saicon to a 59% increase in taxed attributable profit in the year to end March and enabled a 7% increase in the final dividend to 12.35c (1979: 7c).

This brings the total dividend for the year to 14.35c, a 58% improvement on 1979’s 9c.

The preliminary results, released yesterday, show sales up 26% to R199-million, operating profit before tax and interest up 26% to R6 400 000 and equity earnings up 50% to R3 500 000. Earnings per share rose 56% to 48.1c.

The results will be a pleasant surprise to shareholders of Saicon and its parent, Sakers, who were told at the interim that Saicon would do no more than maintain last year’s earnings of 20.7c and dividend of 9c.

At the interim, the group was still suffering the after-effects of last June’s fuel crackdown and earnings and the dividend were more or less static.

But things really came alive in the second half, with second half sales up 35% on those of 1979. Second half taxed attributable profit nearly doubled from R1 300 000 to R2 600 000.

The chairman, Mr Sidney Bornoak, said the upturn really became apparent only after September and has subsequently shown no signs of abating.

Saicon increased its stake in Boumat from 15% to 20% by the end of the year and, recognising the share’s good value, and, perhaps, mindful of the acquisitive business climate, has subsequently increased its further.

His present stake in Boumat is at least double that of the next biggest holder. Nevertheless, Boumat contributed only 14.3% of net operating profit after tax, before interest (NO- PAT), so Saicon remains pre-dominantly a motor stock.

The chairman of Boumat, Mr Irvine Brittan, has been appointed to the Saicon board.

Top company Sakers or Saicon derives all its income from Saicon but thanks to pref gearings, was able to increase its dividend even more than Saicon’s. Whereas both companies last year paid 9c this year Sakers is to pay 14.75c - half a cent more.

This should further enhance Sakers’ rating relative to Saicon. Saicon yields 8.5% on the new dividend and Sakers 8.7%.

The yields should move to par soon.

Considering that times were good only in the second half and that the motor industry should roar ahead after the July tax cuts come into effect, both stocks are undervalued relative to the market.

WARNING

1 No books, notes, pieces of paper or other material may be brought into the examination room unless candidates are so instructed.
2 Candidates are not to communicate with other candidates or with any person except the invigilator.
3 No part of an answer book is to be torn out.
4 All answer books must be handed to the commissioner or to an invigilator before leaving the examination.

Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University.

Made in South Africa

PSL/UPD 100000 1978

PO UCT AM7a

Verhandig in Sud Africa
Hosken in R1.54m bid for Cape Trustees

BY PAUL DOLD, Financial Editor

Hosken Consolidated, the Johannesburg-based quoted insurance group is the mystery bidder for Cape Trustees and Executors. The identity of the bidder became known yesterday when it was disclosed that Hosken had made a formal R21 bid for each share in Cape Trustees which puts a price tag of some R1.541.988 on the offer.

With Cape Trustees board recommending acceptance, Hosken looks set to take over the company and more specifically gain control of a valuable general banking license. The Registrar of Banks has approved the deal in principle. The offer is conditional on at least a 90 percent acceptance.

At the same time a Cape Town consortium which has evidently begun buying in Cape Trustees shares at R12.30 has told the board that it will no longer submit an offer. The identity of the local consortium has not been revealed but is believed to include a number of well known local businessmen.

Mr J J Rouseau and Mr P T C Thorne and will continue to trade as Cape Trustees. Hosken says it will change CTE's name to one which will not include Cape Trustees. Thus the independence of Cape Town's largest liquidation and judicial management company has been assured.

"It is further intended that the administration of deceased estates and property activities presently conducted by CTE in Cape Town will continue under Cape Trustees Limited, which will maintain the present high level of service," Hosken says. The offer is valid from yesterday until 4.30 pm on June 20 and this can be extended if necessary.

The offer documents say that the acceptances are required for more than 59 percent of the issued shares the offer shall automatically no longer be conditional on HCI receiving an 100 percent acceptance.

Hosken has reserved the right to invoke the provisions of Section 521 of the Companies act for compulsory acquisition of outstanding shares. For this section to become operative not less than nine tenths of the shares must have been cast for the offer.

Liquidation

A significant aspect of the deal is that Hosken is to sell the insolvency liquidation and judicial management business to a company controlled by Cape Trustees' existing management.

This company will be controlled by Mr P D Glaun, Mr A de V. Josbert, Mr R Millman,
Alexhow — premium could be excessive

Deputy Financial Editor

SINCE Mr Nade Krish took it over at net asset value of 131c a fortnight ago, Alexander Howden, now largely a cash shell, has traded at a substantial premium to its intrinsic worth.

The share has trading as high as 150c and the current price of 170c is a 28% premium to net assets at the time of the deal.

Is the share overpriced?

Alexander Howden today has two assets: — R7 900 000 in cash, the proceeds of the insurance broking subsidiaries taken over by Alexander Howden UK, and just over 1 million shares, or 25%, of Constantia Insurance.

Since Constantia’s brilliant result last week, its share price has risen from 120c at the time of the Alexhow deal to 170c. But this rise adds only 7c to a share in the net asset value of Alexhow, which now has a net worth of 141c. The current price is still a 21% premium to assets at today’s prices.

But this premium will not be easy to dispose of an exciting asset such as Tiger. No matter how exciting the asset, Mr Krish will not put it in at a discount.

So the premium is very much on Mr Krish’s name and track record.
Hosken offer for Cape Trustees

Hosken Consolidated Investments has offered R21 a share for the entire issued share capital of Cape Trustees & Executors. The offer is on condition that holders of more than 50% of Cape Trustees' shares accept. The directors of CTE have advised shareholders that, in their opinion, "the HCI offer is fair and reasonable" and they have recommended acceptance of the offer.

The offer of R18.50, which a competitive bidder had considered, is no longer being submitted in the light of the HCI offer of R21 a share.

According to an announcement, HCI intends to change CTE's liquidation, judicial management and insolvency practice to a company to be called Cape Trustees Limited, which is to be owned and controlled by Mr F D Glaum, Mr A de V Joubert, Mr R Millam, Mr J J Rousseau and Mr P T C Thorne. It is intended that the liquidation practice will continue as an independent entity along the same lines as now. It is further intended that the administration of deceased estates and property activities conducted by CTE in Cape Town will continue under Cape Trustees.

The banking-related activities of CTE will be expanded.

Sapa
Old Mutual has over 40% of Tiger

By DAVID CARTE
Deputy Financial Editor

WITH SOME heavy buying last week, Old Mutual — South Africa's biggest stock-market investor — has built up its stake in Tiger Oats to "more than 40%".

The word from Cape Town is that Mutual bought between 1,000,000 and 2 million Tiger shares at 1.75c for most of last week out of a sense of "moral duty".

It did this instead of extending an offer of 1.75c to all minorities, following its purchase of shares off the market at this price while Tiger was suspended after a bid by Mr. Natse Kish for control of Tiger.

At the time of Mr. Kirsh's first offer to the Mutual for control of Tiger Oats, the Mutual had about 21% of Tiger, by far the largest single stake. The Mutual's response to the bid was to suspend the share and then to buy shares off the market from Lamberts Bay and other Tiger associates, increasing its stake to 20%. For these shares, Old Mutual paid 1.75c compared with the pre-suspension price of 1.55c.

After the relisting, trading in Tiger Oats was extremely heavy at 1.75c and higher. More than 1,500,000 shares traded last week.

Old Mutual now admits having been a heavy buyer since the relisting of the share and says its stake now "exceeds 40%". Old Mutual has apparently stopped buying and the Tiger share price has slumped to 1.50c.

Some critics are not satisfied with the Mutual's gesture. They believe there should have been an announcement and that the offer should have stood for at least two weeks.

Market observers in Johannesburg speculate that the Mutual was inundated with stock while it was buying and that its holding could exceed 50%.

Mr. Kirsh is not entirely a loser. Before his bid, he is believed to have built up a significant stake in Tiger. Rumours have it that he sold this to Old Mutual at a healthy profit.
Haggie spends R4m for Samos

By DAVID CARTE

AFTER 12 years on the JSE, Samuel Osborn is to disappear from the listings following Haggie's bid of 630c a share, or 85 Haggie shares plus R30 in cash for 100 Samos shares, for the 35.5% minority stake that it does not already own.

The cash offer is a 20% improvement on the 500c offered to minorities 18 months ago when Haggie took control of Samuel Osborn from Samuel Osborn UK, and an 18% improvement on the pre-suspension price of 550c. On the 55c dividend Osborn has paid annually for the past five years, the offer gives a yield of 8% in a sector with an average yield of 8.7%.

The minority take-out will cost Haggie the equivalent of about R4-million.

On the face of it, this is not a very generous offer, considering current yields on the JSE that Osborn was looking for better times in 1981 after five years of relative stagnation and that those who took their 500c 18 months ago and reinvested it on the JSE would probably have made more than 30% since then.

But most of the outstanding shares are held by two or three institutions, which did not accept Haggie's 500c cash offer when it took control in January 1979. The fact that they will accept presumably means that offer is a fair one.

With Haggie on 735c, the share offer is worth 685c, so whether minors accept cash or shares depends on the market 'tween now and the closing date.
BOUMAT goes into Action

By HAROLD FRIEDJON
BOUMAT has bought 60% of Tool Wholesale Holdings (Pty) — the Action Group — for R1 562 980 as from March 1, 1986. On the basis of TWI's accounts for the year to February 1986 if this acquisition had been included in the latest Boumat accounts, the earnings a share would have increased from 101.5c to 106.5c.

On the other hand, the net asset value of a Boumat share would have gone down from 321c to 314c. The reason for this is the goodwill factor in the price. The net tangible value of TWI, at the end of February was R5 393 285. Boumat's 60% is worth R2 418 830 plus loan accounts amounting to R72 695.

Boumat will satisfy the price of R1 562 980 by a cash payment of R1 400 000 and by the issue of 160 000 Boumat ordinary shares at 450c, the market price on the day when the agreement in principle was reached. The balance of R1 22 980 is to be paid free of interest by June 30, 1986. At Boumat's option the balance will be paid in cash or shares, or both, the shares to be at market price when payment is made.

TWI, which earned a pre-tax profit of R765 000 last year, is a wholesale and retail chain operating the Action stores selling tools, hardware and allied lines for the home improvement trade and aims at the do-it-yourselfer.

These products fall into the activities of Boumat although the group has not yet spread into the do-it-yourself market.

Mr David Gruys, executive deputy chairman of Boumat, told me yesterday that the group had been investigating this business area when the opportunity arose to acquire the Action chain.

Buying TWI and the Action shops will not impose any burden on the Boumat management structure Mr Orryn Gelger (43), who founded TWI with his father, retains a 20% interest and will continue as managing director. The Omars had plans for expansion although there were some financial constraints.

With Boumat behind them, some of these plans can now be implemented and it is expected that this will become another Boumat growth point.

Boumat appears to be on the move. The TWI acquisition is the third in a week, but the most important.

Last week the group bought City Metal Works for R729 000 which was paid for by the issue of 350 000 Boumat shares at 495c. City Metal manufactures Kitchen Pride kitchen units, one of the three leaders in the field. It specializes in housing contracts and individual sales of units through distributors.

The other acquisition was to buy out the minority shareholder in Kowhot (East Cape) for R329 000 which was also paid for by a share issue. The number involved was 70 000 Boumat ordinaries at 495c.

Neither of these two acquisitions will have a material effect on Boumat's earnings a share or on its net assets a share.
Fedmech moves to mining supplies

Financial Reporter

Fedmech Holdings has acquired Arban Engineering (Pty) from Federale Vallekoppies for an undisclosed consideration.

Arban Engineering, formed in 1985, provides specialised consumer goods to the mining industry and industrial manufacturing sectors.

Dr Leon Knoll, deputy chairman and managing director of Fedmech, says that although its major activity remains that of manufacturing and marketing Massey-Ferguson, Saffin and Slattery farm machinery lines and Hanomag construction machinery through subsidiaries, the new development reflects the new Fedmech policy of broadening its activities into other mechanical engineering fields.

The policy of FVB is to rationalise its interests in this sector under Fedmech control. Mr Angus Walker, managing director of Arban, says the company's incorporation into the Fedmech group makes good business sense. He foresees a boost in operations from the support that Fedmech can provide in technical, market-

Arban's most successful imported product line is Hoyt white metals, Matabar conveyor belt fastening equipment, Jackson conveyor belt fastening equipment and Bria engineering plastics.

Hoyt white metals, a range of Jacksons fasteners and certain proprietary items are, being made in South Africa.

After buying two small companies in 1974, the company gained access to the polyurethane elastomer market, resulting in the manufacture of hydrocyclones, flotation equipment and allied products for the mining industry.

Last year Arban bought Island Engineering (Pty), enabling it to make plate-type conveyor belt fasteners to SABS specification.

Since the Federale group took control of Arban in 1971 its sales volume has increased from R431 600 to more than R4 million.

Arban's head office is in Isando. It sells to the mining industry throughout South Africa and in neighbouring countries and exports to Zambia and Zimbabwe.
be in the region of 32c, of which 40c would probably be distributed. Last year's total was 30c.

KANHYM

Meaty matters

This week's interim report throws little light on which way Kanhym's negotiations with the Picardi group are likely to go. Is the company planning to sell some or all of its meat interests so that it can concentrate on coal mining, or will the reverse happen with Kanhym taking over some of the meat distribution activities from Jan-Pickard's group?

Certainly, the report does not suggest that the company is in any way disillusioned with its main activities - cattle farming and meat trading which together last year accounted for 67% of pre-tax profits.

At the same time, full development of the group's coal resources, which are jointly owned with BP, will require a lot of capital. And, while the annual report did not anticipate any difficulties in raising Kanhym's share of the finance, conditions could have changed since December when the report was released.

Interim results were well ahead of expectations, the 28% increase in earnings from 28.8c to 36c for the six months to end-March being more than three times the growth rate forecast by the company for the full year. The improvement apparently came about through unexpectedly favourable conditions in the crop division, with indications that the group's maize crop will be more than sufficient to provide the total requirements of the cattle feedlot.

The size of the feedlot is being increased to process at least 10% more high grade cattle than last year. On the buy trading side, the group abattoir has already fully utilised the additional capacity commissioned last year and a decision has been taken to move into the red meat wholesale field. Capex of R2.4m has been approved for this venture, which is expected to become operational in April next year.

The improvement is obviously expected to continue. The interim dividend has been raised from 8c to 13c which, the company says, is in keeping with its expectations. If the growth rate in interim earnings is maintained, the full year's figure should
HAGGIE/SAMUEL OSBORN

Re-bidding

Samuel Osborn minorities who rejected Haggie Rand's December 1978 offer to buy them out, are once again being wooed. With the listing suspended and negotiations at an advanced stage, it appears that this time two or three major institutional holders will accept

Haggle bought control of the mining machinery and machine tool company in December 1978 but as it was then insisted could make only a cash offer to minorities. The 50c offer was an acceptable premium to Osborn's 39c pre-suspension price. But there was then a shortage of top-rate industrial stock for the institutions to reinvest in so the minorities stood fast and Haggle had to settle for a 74.49% holding.

Following its August 1979 listing, Haggle is now in a position to offer a share swap to the institutions. The terms of the current proposal give the minorities a choice — either 55c in cash for each Osborn share held (a premium of 19% on the pre-suspension price of 45c), or 85 Haggle shares plus R10 in cash for every 100 Osborn shares. At Haggle's current 760c, the share option values Osborn at 667.5c a share.

It appears that Haggle has made the share offer far more attractive because the interest of the institutions lies. The cash offer has taken account of the profit performance of Osborn over the past year but those taking the 65c will not receive the interim dividend, normally declared in August. The Haggle interim which could be 20c to 25c, will be payable on the new share.

The proposal will have no material effect on Haggle's net worth or earnings. So in terms of both capital gains and prospective dividends, the second choice remains the more enticing and the almost certain choice of all the minorities.
Old Mutual has 7½% over 40% of Tiger

BY DAVID CARTE

WITH some heavy buying last week, Old Mutual — South Africa's biggest stock-market investor — has built up its stake in Tiger Oats to 'more than 40 percent.'

The word is that Mutual bought between 1,500,000 and 2m Tiger shares at 1.75c for most of last week out of a sense of 'moral duty.'

It did this instead of extending an offer of 1.75c to all shareholders, following its purchase of shares off the market at this price while Tiger was suspended after a bid by Mr. Nathan Kirsh for control of Tiger.

At the time of Mr. Kirsh's first offer to the Mutual for control of Tiger Oats, the Mutual had about 21 percent of Tiger, by far the largest single stake. The Mutual's response to the bid was to suspend the share and then to buy shares off the market from Lambert's Bay and other Tiger associates, increasing its stake to 29 percent. For these shares, Old Mutual paid 1.75c compared with the pre-suspension price of 1.50c.

After the resumption, trading in Tiger Oats was extremely heavy at 1.75c and higher. More than 1,500,000 shares traded last week.

Old Mutual now admits having been a heavy buyer since the resumption of the share and says its stake now 'exceeds 40 percent.' Old Mutual has apparently stopped buying and

Rand firms

JOHANNESBURG — The rand closed firmer at $1.2835/45 compared with the previous $1.2850/45 close and the 1.2855/65 opening in fairly quiet end-week trading.

Dealers noted a couple of export orders in spot trading but overall activity was subdued. Operators maintaining long rand, short dollar positions over the weekend. Forward trading was negligible.

The Reserve Bank's indicated rand/dollar spot rate rose 11 points at the opening to 1.2965/66 and thereafter held steady, while forward discount rates were adjusted up 0.25 pct across the board.

Other closing rates were: Sgr. 141.75/80, Dnk. 2.77/80, $fr. 1.79/80, Dfl. 2.6550/60, Ffr. 5.38/90, yen 284.45/00.

Reuters
Miserly Volkskas
profit jumps 33%

By DAVID CARTE
Deputy Financial Editor

AFTER AN eventful year, in which it acquired large chunks of Metkor and Legal & General Assurance, Volkskas Group has announced a 33% increase in taxed profit to R30 336 000 and a 22% rise in group assets to R3 728 800 000 to the end of March.

Earnings a share gained 31% to 154.3c (1979 108.6c), but ahead of the rights issue of 6 500 000 new shares at 470c after the year-end, dividend cover was stepped up to 4.5, with the result that the dividend rose only 15% to 30c (25c).

The bank contributed R15 600 000, or about half of taxed profit, and after an astonishing turnaround, Bonukor weighed in with an attributable R5 100 000 (R1 260 000) Bonukor's Honda motorcycle agency, Midmacor, and sub under-interests performed exceptionally. The reprise of bankrupt Vesting was also a boon.

The balance of taxed profit came mainly from Transvaal Sukkerkorporasee, Volkskas Merchant and Industrial banks, Transvaal Malleable Foundries, Mercedes manufacturers, United Car & Diesel, and Volkskas 'investments' in Metkor and Legal & General.

The profits of Transvaal Sukkerkorporasee are not disclosed, but are believed to exceed last year's contribution of R5 200 000. Volkskas Merchant Bank contributed an attributable R1 200 000 and the industrial bank R1 200 000. All other operations traded profitably during the year, although UCDD's profits were muted by the fuel crunch of last June. The subsequent recovery of Mercedes sales is not reflected in these results because of UCDD's early year-end.

The declared profits are after substantial transfers to hidden reserves. They reflect a return of 16% on group shareholders' funds of R129 600 000 at the year-end.

Stated returns in the bank represented a return of only 12% on shareholders' funds of R129 600 000. A bank spokesman says falling interest rates were a problem, with the bank exposed on some hefty fixed interest lending, although much lost ground was recouped in the money market.

The 6 461 024 shares created by the rights issue brought in R93 900 000. The additional capital will be used as and where needed. Merely to maintain earnings on the enlarged capital base, the group must increase taxed profit to R4 600 000, or 28%. To maintain the 10% return on shareholders' funds, equity earnings must be raised by R4 800 000. A constant dividend will cost R1 940 000 more next year.

The disclosure provisions of the Banks Act leave all banks with much discretion in the declaration of profits and ahead of a rights issue there was good reason for Volkskas to state things conservatively.

Metkor and Legal & General Volkskas are not consolidated or equity accounted, so, remembering provisions tucked away in reserves in all the banking subsidiaries, earnings are, if not understated, of exceptional quality and dividend cover seems absurdly conservative, even in the wake of the rights issue.

At 610c, Volkskas yields 4.9%, which is much in line with the other Big Five banks. Its PE of 4.9 is way out of line, though, and on the face of it, makes it look cheap against the average of 8.6 for the Big Three.

But the sort of conservatism demonstrated by these figures lends credence to the view that Volkskas is not motivated solely by financial considerations and concern for shareholders. Power, patriotism and "the people" come first. So, while the dividend yield may stay on line with the other banks, those earnings will not get due recognition in the market until Volkskas is a bit more generous — with payouts and with information.
Vrae en antwoorde oor Ou Mutual en Tiger

Deur GERT MARAIS

SOMMIGE mense in beleggerskringe was ters het verbaas of mees wat Ou Mutual gebruik het om te verseker dat niemand ander beheer oor Tiger Oats tere. Daar is byvoorbeeld gesê dat Tiger se aandele naaig met daarna in handel gedryf met die wete dat Ou Mutual van plan is om 'n aanbod vir die aandel te maak.

VRAAG: Daar moet onthou word dat geen formele aanbod vanmnr. Kirsch of enigmend an- ders ontslag was nie. 'n Formele aanbod moet nie met 'n werklike formele aanbod word nie. Kommering moet nie aan die mense se kundigheid of die persone se besluitaardigheid beperk nie. Met 'n Dissident- aandeelvoorsiening kan soortgelyke besluite as die benadering van Tiger se aandelehouders belemmer.

ANTWOORD: Daar moet onthou word dat geen formele aanbod vanmnr. Kirsch of enigmend anders ontslag was nie. 'n Formele aanbod moet nie met 'n werklike formele aanbod word nie. Kommering moet nie aan die mense se kundigheid of die persone se besluitaardigheid beperk nie. Met 'n Dissident-aandeelvoorsiening kan soortgelyke besluite as die benadering van Tiger se aandelehouders belemmer.

VRAAG: Is Tiger se aandeelvoorsiening as formeel aanbod nie te verweer of nie. Daar moet onthou word dat geen formele aanbod vanmnr. Kirsch of enigmend anders ontslag was nie. 'n Formele aanbod moet nie met 'n werklike formele aanbod word nie. Kommering moet nie aan die mense se kundigheid of die persone se besluitaardigheid beperk nie. Met 'n Dissident-aandeelvoorsiening kan soortgelyke besluite as die benadering van Tiger se aandelehouders belemmer.

ANTWOORD: Daar moet onthou word dat geen formele aanbod vanmnr. Kirsch of enigmend anders ontslag was nie. 'n Formele aanbod moet nie met 'n werklike formele aanbod word nie. Kommering moet nie aan die mense se kundigheid of die persone se besluitaardigheid beperk nie. Met 'n Dissident-aandeelvoorsiening kan soortgelyke besluite as die benadering van Tiger se aandelehouders belemmer.
Amrel to open 70 more outlets

By ELIZABETH HOUSE

AMREL, the SA Breweries group furniture and shoe retail division, plans to open 70 outlets this year—a sign of the group’s optimism about the consumer upswing.

This expansion follows on the opening or resiting of 41 shops and the closing of 30 shops in the past year in line with the group’s rationalisation and updating policy.

The chairman, Mr Dick Goss, says in the annual report that the group’s capital structure is adequate to finance the envisaged growth, but it is advisable to rearrange the borrowing pattern. Long-term loans are being raised.

The balance sheet shows that interest-bearing debt rose to R25 900 000 in the year to last March from R23 867 000 in 1979 and total liabilities to total shareholders increased to 1.31 after remaining at 1.31 for some years.

Mr Goss says Amrel trades on the principle of different chains of stores to serve specific markets. There are 12 such chains within the group and this policy allows it to focus on a particular market and encourages flexibility in day-to-day operations.

A partnership is being negotiated with the Coloured Development Corporation in the Cape to facilitate store openings in selected areas for both furniture and shoes.

The group operates shoe shops successfully in partnership with the relevant Government corporations in Bophuthatswana and KwaZulu.

Amrel plans to open 20 furniture stores and to resite five shops. The Early Bird Television service division has moved successfully into household appliance repairs and this service will be expanded.

The shoe division trades under four main trading names—Cuthberts, Selecta, Barnes, and Mutisserv. A programme of store rationalisation and openings is under way.

Many Cuthberts stores, better suited to Selecta’s self-service style of trading, are being converted. Low-return stores are being weeded out and replaced with opportunities more suitable to Cuthbert’s requirements. Selecta will open 37 units with major emphasis on the Western Cape. Four Barnes stores will be resited and Mutisserv, the beer-bar division, will expand by about 20 units.

Amrel again surpassed the national retail sales growth in the furniture and shoe sectors over the past year. National retail sales rose by 13%, with furniture increasing by 20% and footwear by 9.5%.

Amrel’s turnover rose to R120 600 000 from R75 900 000. Furniture division sales increased to R75 200 000 from R76 700 000 and shoe division sales were up 20% to R40 400 000 from R34 200 000.

Earnings climbed by 70% to R124 836 from 70 797 and dividends were raised to 41.5c from 33.5c.

Shareholders are assured of further growth and dividends, growth being off 20% from good optimistic view of the growth in continuing spending and the opening of further outlets.
Smiths pays 42c or 36% profit rise

Deputy Financial Editor
AFTER GOOD results from its main investments, Romatex, CG Smith Sugar and Hulett's, CG Smith Investments, now a Barlows company, pushed up profits before tax by 41% and after tax by 36% in the year to March 31.

The second interim published today shows pretax profit up from R27 035 000 to R39 061 000 and earnings up from R16 640 000 to R18 441 000. Earnings a share also rose 33% to 61.8c (46.1c) and the dividend was raised 27% to 42c (36c).

Best-performing investment was Romatex, which increased taxe profit 44.7% to R19 087 000 and the dividend 46% to 4c. CG Sugar increased taxe profit 43% to R20 130 000 and the dividend 21% to 7c, and Hulett's pushed up taxe profit 27% to R10 400 000 and the dividend 18% to 4c. Romatex contributed an attributable R10 473 000, CG Sugar R6 240 000 and Hulett's R7 284 000.

Romatex benefited from buoyant consumer spending in the semi-durables area and spent R28 308 000 replacing plant, expanding and on acquisitions. Romatex is looking for a further increase in profits in the next six months to the end of the new financial year.

CG Sugar increased sugar production and curtained costs and was thus able to improve sugar profits in spite of the drought, which hit production. Income from other sources should enable it to maintain its dividend, even if earnings are not maintained. The sugar price continues to run in the industry's favour.

The second interim dividend of 32c was paid on the same basis as finals in the past. A final dividend taking into account the results for the ten months to the end of September will be paid in February 1981.

Smiths yields 8.6% on their new dividend compared with CG Sugar's 7.5%, Romatex's 6%, Hulett's 6.3%, Barlows 4.4% and the sugar average of 5.6%. There is no obvious value in the stock.
Marine survey

CAPE Continent Shipping Group has acquired two additional companies specialising in marine surveying and insurance adjusting to broaden its operations. This was announced in Johannesburg by Mr E (Ted) Coote, managing director of the group.

The acquisitions are Spanner Rickson (PTY) of Johannesburg and S L Spanner & Co of Cape Town. They join Mark S Harvey & Associates (PTY), the marine surveyors of Durban, in Intercontinental Adjusters & Surveyors (PTY).

Mr Les Critchley has joined the board of Intercontinental Adjusters & Surveyors in Cape Town. Mr Stan L Spanner and Mr Willie Smith, and in Johannesburg Mr Ken Q Rickson have joined the company's board under chairmanship of Mr Ted Coote.
Malbakh fires on all cylinders

By DAVID CARTER

Deputy Financial Editor

A SURGE in demand for agricultural machinery in the second half, improved packaging, plastic and mojave profits and a full year's contribution from new acquisitions, Macabees and PCI, lifted Malbakh to a record 3.8% earnings increase in the year to March 31.

Earnings a share for this low-key, industrial conglomerate in the first half were 20% ahead at 19.1c, second-half earnings surged 76% to 31.3c for a total of 50.4c to give Malbakh its 13th consecutive earnings and dividends record.

The latest results mean that earnings a share have grown at an average compound rate of 17.2% a year since Malbakh's creation in 1969 in spite of murderous tough times in motors and agriculture in recent years.

Group sales for the year rose 25% to R128-million, pre-tax profit 57.6% to R3 100 000 and earnings for shareholders 59% to R520 000. The dividend was raised 33% to 16c (12.5c). Dividend cover has long been conservative, averaging 2.6, since the group's inception, but this year's 20 is a high. Still, with Malbakh already earning nearly 35% on shareholders' funds with better to come, few will object.

Malbakh, which makes and sells packaging, plastic products and mining supplies, contributed 24% of earnings and...
Quincor

Financial Report

QUINCOR (formerly Empusco) is virtually a cash shell in the annual report. Negotiations to buy certain companies engaged in the chemical and allied fields, say the directors in the annual report.

The share has been suspended since April 21 because of the takeover talks.

The annual report shows a taxed profit for the eight months to last February of R4 458 against 1979's R1 765 before writing off a loss of R3 234 in that year on the sale of a subsidiary of Empusco, Tedelix.

Present controlling shareholders are Xactus Holdings (Pty) of Cape Town. Most of Quincor's current assets are tied up in loans to Tedelix and a fellow subsidiary of Xactus, which has packaging interests.

There is no way of judging the potential of the company by the eight months' results because they reflect the cash shell situation.
Deputy Financial Editor
AS BUSINESS Mail forecast on June 2, Murray & Roberts is the bidder for Tollgate Holdings, the large Cape-based transport, insurance and property group.
M&R executive chairman, Mr. Des Baker, confirms that "complicated" negotiations are in progress and will say no more, not even when an outcome is likely.
Sources close to the deal say the negotiations have been going on for a fortnight and may go on for up to three months. This suggests the proposals may involve stripping out certain assets not compatible with M&R's industrial nature.
Shield Insurance, a highly esoteric business which the controlling families operate and may like to retain, seems a likely exclusion. Because of its "different" nature, Shield has never been consolidated, even though Tollgate owns all of its insurance assets are not easy to value and thus could be one complication in the deal.
Before suspension, Tollgate at 330c, was capitalised at R47.800.000, compared to M&R's current capitalisation, at 50c, of R66.500.000.
So, in terms of value, the prospective deal is certainly "material" to M&R. The fact that M&R has not been suspended suggests that the price to be paid will be full of the dividend, having no material effect on earnings or net assets a share.
Tollgate's pre-tax profit, excluding Shield, in the year to the end of June 1979 was R16.500.000 and earnings were R10.194.000. Earnings a share were 91.6c and the dividend a 4.6 times covered. Net asset value was 438c.
At the interim, earnings were 3% ahead at 45.1c and the dividend was pegged at 10c because of capital expenditure of R10.500.000 ahead of the group. Net assets rose 17c following the sale at a capital profit of R2 million of Athlone Trust's quoted shares.
Assuming constant earnings and dividends, by the end of the year there will be another 70c odd of retained earnings in Tollgate, suggesting a net asset value by June of about 325c.
This and the low PE of 4.7 represented by the pre-suspension price of 330c suggest that an offer for all of Tollgate except Shield will have to be a big premium on 438c.
Sources in the bus transport industry say that if Murray & Roberts does not clinch the deal there would be at least one other suitor for Tollgate. Hungry Amic is also a large bus operator.
Bosses of the R2 700m giant

By ADAM PAYNE

THE MERGER of General Mining & Finance Corporation and Union Corporation has resulted in the formation of one of the world’s major mining groups with assets of R2 700m.

Heading this new giant, called General Mining Union Corporation, are Dr Willem de Villiers, executive chairman and managing director, and Mr Ted Pavitt, executive deputy chairman. Mr Pavitt will continue as executive chairman and managing director of Union Corporation.

Although the two companies constitute a single mining behemoth, they will retain their separate organisational structures.

Shareholders will be asked to approve the name General Mining Union Corporation on July 2.

The group has some of the biggest developing and embryonic projects in South Africa under its control.

Beau Mines is a uranium/gold mine south of Welkom due to start producing next year.

Bosworth South is a uranium/gold mine south-east of Beaufort West.

In the Northern Transvaal, a major exploration and testing programme has revealed a large coalfield. Potential reserves include blend coal and uranium. The group, with Sentruchem, is investigating the feasibility of direct liquefaction of petrol and diesel from this coal.

In the Transvaal, a factory is being established to produce high-quality heavy gearboxes and planning of a similar factory to produce rear axles for heavy vehicles is in progress.

An expansion programme by the Impala Platinum operation in Bophuthatswana is nearly completed. Under Impala Platinum, the group operates Bafokeng North and South mines, Widerbeesfontein North and South mines, and Steelfontein mines.

The Trans-Natal Coal Corporation and Clydesdale Collieries have 18 collieries.

Extensive base minerals and metals operations include asbestos, fluorite, manganese, copper, chrome and tin in South Africa. Ilmenite, rutile and zircon are produced in Australia and South Africa. A joint venture in Spain mines lead and zinc.

Two major financial companies in the group are UC Investments and Sentrust. The group has participation in banking.

The major industrial subsidiaries feature a wide spread of interests including manufacturing, contracting, shipbuilding, light and heavy engineering and steel production, foundries, paper production and packaging, and marketing of petroleum products and mining equipment.

Industrial companies include Sappi, Hall Longmore, Kohler Bros, Carlton Paper, Dunsart Iron and Steel Works, Evelyn Haddon, Spero, Sandy-Austral, Unicorn Shipping, African Coaderas, Darling S. Hodgson, Kambly Investments, Trek and RUC Mining Contracting.
Construction group may take over Tollgate

MURRAY AND ROBERTS, the giant construction group, are negotiating a possible takeover of Tollgate Holdings, which includes City Tramways, the bus company presently being boycotted in the Peninsula.

The announcement took the form of a joint statement by the two groups.

Tollgate Holdings are the largest privately owned transport operators in the country, with 1,317 buses operating in Cape Town, Port Elizabeth, George, Malmesbury, Mossel Bay, Oudtshoorn, Paarl, Somerset-West, Stellenbosch, Strand and other areas.

Tollgate Holdings was suspended on the Johannesburg Stock Exchange and the London Stock Exchange on May 22, as negotiations could affect share prices.

The joint announcement means that negotiations between Murray and Roberts and Tollgate Holdings could be long and drawn out. Tollgate’s share listing is likely to remain in suspension until July 31.

Apart from the bus division, Tollgate has a financing arm consisting of Golden Arrow Finance Corporation, an insurance company, Shield Insurance, a property subsidiary, Tollgate Property Corporation, and a touring group, Springbok Atlas Safaris. Other companies include a computer bureau, advertising company and a concrete block manufacturing company.

The Tollgate share price stood at approximately R4 before it was suspended, which puts a stock market valuation of approximately R44 m on the group.

Murray and Roberts has over the past few years been diversifying extensively out of construction and already has stakes in the food and automotive component industries.
Alderson stakes
R1,4m

Own Correspondent

CAPE TOWN — Alderson & Patton Holdings is moving into the appliance-electronics field and has bought an 80% stake for R1 400 000 in the Cape Town-based Suman Enterprises, appliance distributors.

The deal, financed in the main from existing cash resources, is expected to add about 4.3c a share to Alderson's earnings in the 1981 financial year. The effective date for the takeover is January 30, 1982.

Mr. Sally Sumanowitz, the present chairman of Suman, and Mr. Les Kacev, the managing director, are to be appointed joint managing directors and will hold the remaining 20% of the equity.

The Cape Town consortium of Mr. Johan van der Burgh and Mr. David Abbott who bought a 41.5% stake in Alderson in March for R1 400 000 at 60c a share are expanding the group from its motor base.
By DAVID CARTE
Deputy Financial Editor
TRADES & INDUSTRY is to issue 600,000 new ordinary shares and preference shares to the value of R1 500,000 to acquire the Commonwealth Shippers Group from Moshal Gaviyaar, Kirsh Industries and Kirsh Investments.

This is disclosed in a circular to shareholders published today and puts a price of about R1.69 on an international shipping company that last year made a taxed profit of R1 154,000.

For Commonwealth Shippers, Southern African interests, T&I is to pay R3 million -- R1 500,000 through the issue of 600,000 shares at 48c each and R1 000,000 through the issue of variable rate preference shares. For CSL, a Bermuda subsidiary, Commonwealth International Holdings, T&I is to issue 320,000 shares at 30c each, equivalent to R1 050,000 or $1 500,000.

Based on the figures for last year, the acquisition should have lifted T&I's earnings from 50c to 55c, but because the tax rate is due to rise and double taxation is more conservatively provided for, the acquisition is not expected to affect earnings or the dividend in the year to June 1981.

Commonwealth Shippers taxed profit record for the past five years is R607,000, R123,000, (R122,000 loss), R602,000 and R1 024,000. The amount of tax paid declined from R339,000 in 1978 to a low of R26,000 in the most recent financial year.

About 76% of Commonwealth Shippers assets are in debtors (R111,000 out of total assets of R2 058,000). Long-term investments worth R1 500,000 at cost are the other major assets.

The victim company has shareholders' funds of R3 187,000 and borrowings of R1 156,000.

A pro forma balance sheet shows that the acquisition raises T&I's net tangible assets from R9 983,000 to R12 383,000 after deduction of profits and the number of shares in issue from 3 337,000 to 3 787,000. Net asset value therefore rises 3% from 30c to 33c. After the deal T&I will have long-term loans of R11 159,000.

The main assets of T&I in the wake of the deal will be debtors of R3 248,000, loan portion of taxation R2 172,000 and trading subsidiaries of R2 466,000.
Perskor, the Afrikaans publishing group is on a buying spree. With its fortunes continuing upwards chairman Marius Jooste is buying up countys newspapers. Says Jooste “I hate carrying around empty money without any use. I must think of Perskor’s future. So Perskor on the acquisition trail last month added the Witbank News, Middelburg Observer and Visto (of the OPS Goldfields) to its stable.

Total purchase price is not disclosed. But says Jooste we didn’t pay all that much. One market source mentions a $100,000 paid just for Visto. Perskor refuses to comment.

Also acquired was jobbing printer Gal-

Jooste says “we didn’t pay all that much.”

Fields. Known as the Vaal Triangle as the coming place for daily newspapers. It expect tremendous expansion of people, endeavors and money to be concentrated in those mining developments. Perskor has taken over most of the small newspapers in those areas.

He quotes the Western Frame and Record part of the Perskor group as a classic example of a successful regional paper. Profits on the Record are expected to be in the region of $200,000 this year.

Gibson and Sales, in the heart of Cape Town, would be a beautiful small industrial press. It can print newspapers, magazines, envelopes, school books. It’s all there, says Jooste.

Certainly Perskor can afford its purchases. Financial year end results are due out end June. Talk is that profits have increased substantially over the interim results published at the end of December when profits were up 45% to 104.4m. Jooste says if the structure is looked at closely, dividends over is likely to be at least six times and will further increase with future profits.

Financial Mail June 13 1980
Basically the regional paper and jobbing press buying sortie is to further consolidate and strengthen Perskor's market share. Future plans will, says Jooste, centre on collaboration with black entrepreneurs in every respect. We already have the most attractive black magazine, *Bona*, with its above 328 000 circulation. That itself could lead to further expansions and publications.

He describes the black market as "huge." But he says "black magazines aren't carrying sufficient advertising. Advertisers aren't going full tilt yet because they haven't made a study of the black market." He expects black magazines ultimately to contribute "far in excess of 50% to overall profits, but that will take years."

Another area Jooste intends looking at increasingly, is knock and drops, especially for the black market. "Perskor has a little money on a few of them. We'll have more to say on that later. One doesn't undertake that venture lightly. It's a prosperous market, but you have to know all about it before you go into it."

Perskor's arch rival, Nationale Koerante, maintains it initiated the move into regional papers. It recently bought the bi-weekly *Vaal-Weekblad* which sells primarily in Vereeniging and Vanderbijlpark, the *Potchefstroom Herald*, the *Carletonville Herald* and the *Worcester Standard*.

Says a NK spokesman "In terms of profits, the swing is definitely to regional publications which appear to have escaped the advertising erosion felt by national dailies. Nationale Pers is interested in the knock and drop market. "However, at this stage we've only done sampling on a small scale."
of at least 6c a share.

Sinian's profit growth last year was around 50% to 1480,000. So the Rs50,000 warranty means projected minimum growth this year of 50%. The company has been largely built up on retentions with a modest debt/equity ratio of about 6/1.

A&P shares no immediate changes to the company, though with a possible capital injection it appears likely to be the base for further diversification out of the motor industry.

A&P itself has seen a "marked" earnings improvement. The six months to end-December produced earnings of 35c (6c) and a dividend of 1c. The first half reflected the motor industry boom for only three months and was stated after a 1274,000 loss in a country dealership. This earnings of at least 12c-14c before accounting for the contribution of Sinian are in prospect. From earnings of about 15c shareholders can probably expect minimum dividends of 5c for a 5:1 prospective yield on the 95c pre-suspension price.

Though the price is relatively high, the diversification out of the motor industry is likely to boost interest in the share. Although the acquisition drive is not finished and this once the motor boom has run its course, should the group in good stead. There has been speculation that A&P might be interested in Tollgate's Springbok Atlas Safari.
Three weeks after Tollgate’s suspension, Murray & Roberts has confirmed that it is negotiating to acquire the Cape-based transport and finance/insurance group. However, it looks as if it will be some weeks still before final details are announced, apparently because no plans have yet been hammered out on what will happen to some of the Tollgate divisions.

Market talk suggests a price for the Tollgate group (excluding any deal that might be made on the Shield Insurance and Golden Arrow finance operations) of around R5.5bn. This is based on a net worth of about R3bn and the group’s earnings potential. The fact that M&R has not been un-pended indicates that it will be a paper or cash paper deal. In the year to end-June 1979, Tollgate’s R10.2bn profit would have added about 43c to M&R earnings, which totalled 82c. In a cash-only deal that would be material enough to warrant suspension.

M&R’s gains
Tollgate was capitalised at R8.5bn at the 43c pre-suspension price, including the shares held by a subsidiary. The net price to M&R assuming a price of 550c would thus be R4.2bn. If the family directors’ stake were cashed, it would cost over R2bn.

The advantages to M&R centre around the group’s efforts in recent years to diversify some of its assets out of the cyclical construction industry and Tollgate’s cash generating capacity. Tollgate’s taxed profit for the six months to end-December was R5m (R4.8m) and, based on market estimates for the full year, earnings could be around R13m with a group cash flow of over R15m. The extent of the group’s cash resources can be gauged by the interim statement that this year’s R16.6m capex would be financed internally, despite payment of an unchanged 10c interim dividend.

If market estimates of the price are accurate, a minority might be encouraged to accept. An offer of around 550c would be a 28c premium on assets and an exit price, based on earnings of about 110c-115c, of nearly five times.
Recent high volumes and strength in Gallo shares seems set to culminate in a bid by Premier Milking for the controlling stake in the group. Though nothing definite is expected before next week, the market suggests an offer of about 1.5% and retention of the shares' listing.

Gallo had been an active market after the sharp turnaround results announced by chief executive Gerald McGrath at the interim stage. Earnings were 1.5c after a 1.5c loss in the previous year. The group declared a 1.5c final dividend. With higher consumer spending, Gallo could earn about 40c for the year to end June and pay a 2.5c final.

The rationale behind Premier's bid for control appears to be the decision to expand the group's non-food division. The most obvious first move would seem to be the injection into Gallo of the bookshop interests which, though a relatively small earnings contributor, are very profitable. The recent acquisition of Universitas Books, a competitor-based book and record selling company, was further evidence of Premier's decision to remain in the retail consumer market. And by bidding for Gallo the group would ensure a more solid diversification base. Premier's control after the injection of the book interests could raise well above 50%, allowing scope for paper-based expansion.

Other possibilities for Gallo could perhaps include Premier's other consumer interest, Hampo Trading, which handles among others the Pentax camera and Texas Instruments ranges.

Last year Premier's pharmaceutical and bookshop division turned over R1.5bn (R23m) and reported a 15% profit (R4.4m). Though sales price maintenance is set to be abolished, the bookshop division has budgeted for at least maintained earnings.

Funding the purchase of Gallo should present no problems. The recent acceptance of Tongaat's bid for H Lewis and the cancellation of the participating rights on Premier's Kinet preference netted R7.7m. Acquiring the controlling McGrath Gallo shareholding would cost some R6.2m, though it is a fair bet that McGrath would remain on the board, particularly in view of his success in turning the Gallo assets to profit.

For Gallo minorities such an arrangement is attractive, though some have expressed disappointment at the rumoured price, having expected around 300c. However, Gallo trades in a narrow retail market in which it is already dominant, and while McGrath has had a look at the acquisitions, none has so far been concluded. The net value of a Gallo share must currently be around 140c, so if 250c is offered, it represents a 55% premium on assets, and an exit PE of 4.3, which appears reasonable at this stage.
Tongaat aims for 100c a share

By DAVID CARTE
Deputy Financial Editor

TONGAAT GROUP is aiming at earnings of 100c a share in the current year — a 33% improvement on the 80c earned in the year to March 31 — says Mr. Chris Saunders in his chairman's report.

The report is generally optimistic for all branches of the group except electrical engineering and electronics.

Mr. Saunders says the group aims at growth in earnings a share of 25% a year until 1983 — the end of the current planning period.

On turnover of R308-million (R231-million) in the past financial year, Tongaat lifted taxed attributable profits 24% to R18 91 000 (R12 587 000).

Earnings grew 33% to 80c, while the total dividend of 30c (23.8c) was a 25% improvement. Profits are stated after additional depreciation of R3 683 000.

Reporting on the divisions, Mr. Saunders said the sugar division performed highly commendably, contributing R7 361 000, or 31%, of group earnings. In 1979, sugar profits were R6 177 000 — 34% — of the total.

Because of drought, the industry will not be able to take advantage of current high world sugar prices and there will be a "material reduction" in sugar profits in the current year.

The building materials division, which last year contributed R6 500 000 or 29% of earnings (1979 R3 632 000 or 20%), is expected to achieve "even better results" in the year ahead.

Transvaal brick-making capacity is being stepped up by 200-million bricks a year.

Mr. Saunders takes a bullish view of the textile division.

Without any benefit of the Hebox acquisition, textiles last year brought in R4 271 000 or 15% of group taxed profit, compared with R3 691 000 or 22% in 1979.

Mr. Saunders is looking for "substantially increased profits" in the current year.

The purchase of Hebox Textiles will be of "immediate benefit" to the division and there is significant scope for rationalisation of the product range.

Investment income of R5 453 000 (R2 300 000), representing mainly dividends from the 28.7% stake in Hulett's, contributed an unchanged 15% of the total.

The foods and feeds division contributed R1 916 000 — 4.4% — of earnings, compared to R1 109 000 or 6% in 1979.

The purchase of H. Lewis will have a major effect on both turnover and profitability. "Lewis will make the division more self-reliant in protein supplies.

Capital expenditure last year was R2 402 000, an increase of R8-million.

The acquisitions of Hebox, H. Lewis and Isando Milling will cost R3 309 000. In addition, the building materials division plans to spend R1 500 000.

Food and feeds R5 700 000 and textiles R6 589 000. Capex will be funded from reserves and the proceeds of the issue of preference shares and will not stretch a balance sheet in which debt is only 22% of capital employed.

Tongaat raised R3-million through a privately placed prefs last year and plans to place a further R3 500 000 of these in the current financial year.
### Tollgate-oornome

**nog in weegskaal**

BAIE water sal nog in die see moet loop voordat Murray en Roberts 'n ooreenkoms met Tollgate sal bereik oor 'n oornomen deur Murray en Roberts.

Die sakewêreld is in die algemeen taamlik verbassendoor Murray en Roberts se voorneme om 'n hoofpunt sosiale nood en passasiersvoorregte oor te neem.

Hoewel Tollgate probleme het, wees boekteken sy budi en hofskrif in die algemene toestand van die maatskappy, staamlik wisselgewend. Murray en Roberts sal die saak goed oorweeg, want hy is bekend as 'n maatskappy wat goeie oornomen doen en 'n intensiewe diversifikasiebeleid volg.

Murray en Roberts behou gewoonlik die bekende stuurspan van 'n maatskappy wat hy oorneem, wat beteken dat Tollgate se bestuurspan steeds die vervoerprobleme van die maatskappy sal moet oplos.

In 'n markt en hoorsiens 'n Gedrag word daarop gewys dat Tollgate se huidige probleme met sy passagiersvoorregte slegs korttermynprobleme is.

Sodra die Regering groter subsidies vir busvervoer beskikbaar stel, behoor Tollgate se probleme in 'n groot mate oplos te word.

As Murray en Roberts besluit om Tollgate oor te neem sal hy veral in laaste genoemde se eiendomme belang stel.

Hoewel Tollgate se eiendomme 'n klein hydrae tot die groep se wins lever, is die waarde van eiendomsbesit 'n aantreklike proporsie. Die totale waarde van Tollgate se vrypap en huurpap reg op 19,5 miljoen beloop.

Die verwagting is dat Tollgate se eiendomsbestuurstuk en behou sal word, maar dat die afdeling nuwe bandes met Murray en Roberts se eiendomsafdeling sal hê.

Murray en Roberts se eiendomsbestuurstuk het al groot projekte soos Kaapstad se Gooe Akker bestuur. Met suke projekte word die koördinasie van al die kontraktes, argitekte en bestekopnemer se bedrywighede deur Murray en Roberts se span behartig.

Sedert die resessie in die eiendomsmark onderwinding is, is taamlik min nuwe winkelcentrum in Wes-Kaapland opgerig. As Murray en Roberts besluit om Tollgate oor te neem, sal dit beslis 'n aanstoking vir eersgeneemse wees om nuwe winkelcentrum in die Skiereiland op te rig.

Sedert die begin van vanjaar het Murray en Roberts sowe R6 miljoen se oornomen gedaan. In die algemene is die maatskappe besonder wisselgewend. Die winsgrootte van die filiale is in die algemene hoër as Murray en Roberts se boubedrywighede.

### Table

<table>
<thead>
<tr>
<th>Internal</th>
<th>External</th>
</tr>
</thead>
<tbody>
<tr>
<td>(2)</td>
<td>(3)</td>
</tr>
</tbody>
</table>

### Note Carefully

1. **Enter at the top of each line of the block on the number you are answering.**
2. **Blue or black ink must be used for written answers.** The use of a ball point pen is acceptable. Red or green ink may be used only for underlining, emphasis or for diagrams, for which pencil may also be used.
3. **Names must be printed on each separate sheet (eg graph paper) where sheets additional to examination books are used.**
4. **Do not write in the left hand margin.**

Any dishonesty will render the candidate liable to the penalty.
By TONY HUDSON
Finance Editor

THE Tongaat group has created a massive textile giant with a projected turnover of R100 million a year by merging all its textile interests into one division.

And they expect R100 million turnover.

Tontex will probably be the second largest textile group in the country, with the frame organisation still at the top.

Tontex chairman will be Des Scott, deputy chairman of Scotts Stores. Managing director will be Richard Payne, who also is chairman and managing director of David Whitehead. Hebox MD Mike Toet stays in his present position.

Payne tells Tribune Finance this week that product lines would be rationalised and that the three companies involved (Hebox, Prilla Mills and David Whitehead) would become brand names.

In the clothing field ladies' and girls' wear will carry the Whitehead label, while men's and boys' wear will carry the Hebox logo. Whitehead will produce all lightweight materials and Hebox will drop this line and concentrate on heavyweight fabrics. Prilla will continue to produce yarns as in the past.

Payne said that in a full year's operation after the completion of the current expansion project in 1981, turnover of the new group is expected to reach R100 million.

In the year to March 31, 1980 Tongaat textiles companies' contribution to turnover was R30 million. Contribution to group profits was R4.2 million.

With the textile industry in a heavy growth phase (see page three) the rationalisation programme, and the expansion operation at Whiteheads, contribution to profits from Tontex could be very significant once the operation has settled down.

The Tongaat group is aiming to push earnings from last year's 80 cents a share to 100 cents in the current year, says chairman Chris Saunders in the group's annual report.

And, says Saunders, planning to 1983 indicates a very strong growth period and says the group has a firm objective to increase earnings by 25 percent a year.

However, he says that if the target of 25 percent growth is achieved — the average of the last 10 years has been 18 percent — earnings should top 150 cents by 1983.
Row flares over Genmin gearbox bid

By HOWARD PREECE

A MAJOR battle has flared between the motor manufacturers and General Mining over Genmin’s R60-million bid to secure an effective monopoly in the production of truck gearboxes and heavy truck axles.

The outcome will have an important effect on truck prices.

The National Association of Automobile Manufacturers claims that the decision by the Department of Industries and Commerce to create a monopoly is totally opposed to the Government’s stated intention to support and encourage a free market capitalist system.

It is seeking an urgent meeting with Dr S W van der Merwe, the Minister of Industries and Commerce.

Naamsa also claims that the move could harm the Atlantis Diesel Engine project — although the gearbox and axle plan is intended to slot in with Atlantis.

The motor manufacturers are counting on powerful backing from Atlantis in their attempt to force a Government rethink, at least on timing.

Atlantis is the State-sponsored plan to give a monopoly of diesel engine production to Mercedes and Perkins for strategic and local content reasons.

According to some estimates, the combination of higher prices for diesel engines and gearboxes and axles could add 10% to the cost of new trucks.

The Genmin subsidiary involved are AS Transmissions & Steering Boxes, which has asked for a 15% duty on trucks fitted with imported gearboxes rather than its ZF gearbox and SA Axles which reportedly wants a 20% duty on trucks fitted with imported axles.

A statement by Mr Colin Adcock, managing director of Toyota and chairman of the Naamsa heavy vehicle subcommittee, says: “Naamsa must resist its total opposition to the granting of a monopoly in respect of the proposed manufacture of truck gearboxes and heavy-duty axles.

The decision was reached without any reference to the industry and, apparently, without any alternative sources of supply being investigated.

The industry has at no stage ever opposed a local content programme in medium and heavy trucks, but has only asked that this be planned in conjunction with it and in such a manner as to make it as economical as possible for both the manufacturer and the consumer.”

Mr Adcock says the Genmin move could give some truck producers major advantages over competitors (Mercedes has been cited as a particular beneficiary in one report).

He says that “at the very worst, Naamsa believes that the manufacturing rights to gearboxes and axles should have been granted on a similar basis to that used for the granting of engine manufacture.

That is, the right to manufacture should have been advertised and prospective manufacturers should have been in a position to submit proposals which could have been discussed with the industry, thus ensuring an acceptable and broader choice of product.”

Naamsa is happy, therefore, to have the assurance that ADE will support it in avoiding any action which might be detrimental to the present programme in which all manufacturers have already invested considerable sums of money.

Finally, while Naamsa accepts the strategic need to build gearboxes and axles locally, it feels that if this new programme is designed to offset the cost of South Africa’s strategic and independence, then there are better ways to achieve this.”
Kaye bids for Gaydon

Deputy Financial Editor
ISAAC KAYE, the man who put SA Druggist and Greatermans into Federate Volksbeleggings, and a consortium, are the bidders for Gaydon, holding company of Quinton Hazell Superite Holdings.

This was established shortly after Gaydon and QHS were suspended yesterday.

Mr. Kaye and his consortium intend to convert Gaydon into a cash shell and to inject new assets into it.

It seems clear they wish to retain the listing, so the tiny minority holding is unlikely to be offered as much as the market price of 68c obtaining before suspension.

Merchant bankers say a listed cash shell is worth R100 000 more than net assets — the excess being the cost of a listing.

If this is true, considering that Kaye and consortium do not want the minority holding, it is likely their offer will be considerably less than 68c.

Gaydon’s net asset value, with QHS shares in at cost, was 55.6c at December 31. The current market value of these shares is R2 320 000 — R440 000 less than cost of R2 760 000, so real net asset value is currently more like 45.6c.

Selling Gaydon will simplify the control picture for Burmah Oil holding company of Gaydon and QHS. At present Burmah has 63% of Gaydon and 31.2% of QHS. That is 80% directly and indirectly of QHS.

Burmah would presumably sell for a small premium on net assets and that is probably what minorities will be offered.

The name of Isaac Kaye will almost certainly be worth something on the market, just as those of Peter Gain, Nette Kirsh and others have been before, so the cash shell can be expected to trade at a premium to net assets and the offer to minorities immediately it is related. It might even exceed pre-deal levels.

An official announcement will be made later this week.
Kaye bids for Gaydon

Deputy Financial Editor

ISAAC KAYE, the man who put SA Druggiets and Greatersuits into Federale Volksbelegings, and a consortium, are the bidders for Gaydon, holding company of Quinton Hazell Superfine Holdings.

This was established shortly after Gaydon and QHS were suspended yesterday.

Mr Kaye and his consortium intend to convert Gaydon into a cash shell and to inject new assets into it.

It seems clear they wish to retain the listing, so the tiny minority holding is unlikely to be offered as such as the market price of 56c obtaining before suspension.

Merchant bankers say a listed cash shell is worth R150 000 more than net assets — the excess being the cost of a listing.

If this is true, considering that Kaye and consortium do not want the minority holding, it is likely their offer will be considerably less than 56c.

Gaydon's net asset value, with QHS shares in at cost, was 55.5c at December 31. The current market value of these shares is R2 320 000 — R440 000 less than cost of R2 760 000, so the real net asset value is currently more like 45.5c.

Selling Gaydon will simplify the control picture for Burmah-Oil, holding company of Gaydon and QHS. At present Burmah has 34c of Gaydon and 31.2% of QHS. That is 92% directly and indirectly of QHS.

Burmah would presumably sell at a small premium on net assets and that is probably what minorities will be offered.

The name of Isaac Kaye will almost certainly be worth something on the market, just as those of Peter Gane, Natie Kirsch and others have been before, so the cash shell can be expected to trade at a premium to net assets and the offer to minorities immediately it is related. It might even exceed pre-deal levels.

An official announcement will be made later this week.
Kanhym buys Karoo in major meat reshuffle

By Jean Moon

A major reshuffle involving General Mining’s meat-producing company, Kanhym, and the Picardi meat producers will result in Kanhym emerging as the major beef producer in South Africa.

In order to fund the move, together with development of its coal reserves, Kanhym has announced a one-for-two rights issue at 700c a share which will raise R22.2m.

PAYMENT

Karoo Meat Exchange will become a 51 percent subsidiary of Kanhym, moving it out of the Picardi stable of which it has been a member since 1967. At the same time, Asokor is to sell its meat-grading interests and assets to Karoo.

Kanhym retains its feedlot and general farming activities but will sell its wholesale and retail meat operations and produce agencies to Karoo.

Payment will be in the form of about 7.3m ordinary new shares in Karoo.

Karoo’s payment to Asokor will be in the form of about 3m new Karoo shares.

Kanhym will then buy enough Karoo shares from Asokor to bring its stake in the new enlarged Karoo to 51 percent.

On the basis of 22c earnings and a 15c dividend for Karoo, the price will be 200c a share. At this level Kanhym will be paying R8.5m cash to Asokor. The price will increase, if Karoo’s earnings top 22c.

Kanhym will extend a similar bid to minority shareholders.

LISTING

It is intended to retain Karoo’s listing and to continue to develop it as a major meat trading company.

Dr Wim de Villiers will become chairman of both Kanhym and Karoo. Jack Kahn becomes joint deputy chairman along with Basel Landau.

Tjol Lategan will continue as managing director of Karoo assisted by Frans Pieterse. Jan Pickard will stay on the board of Karoo and his Asokor company will appoint one further director. Kanhym will appoint a further five nominees to the Karoo board.
Mr Richard Lurie has been re-elected President of the Johannesburg Stock Exchange.

Waicor, W&A pyramid, comes to market

Deputy Financial Editor

Waicor, the newly constituted holding company of W&A Investments, will be listed on the Johannesburg Stock Exchange today in place of Twins Pharmaceutical, which leaves the lists after being used as its listing vehicle.

The transmuted listing document, published today, shows that W&A forecasts earnings of about 10c a share and a total dividend of 3c for the year to the end of June. This would translate into earnings of 3c a Waicor share.

Waicor intends to distribute its entire dividend income every year after payment of the pref dividend and costs. The 3c dividend from W&A would translate into dividend income of 1c odd a Waicor share, but pref and other costs would reduce the actual payout.

The first dividend for which Waicor shareholders are eligible will be W&A's final of 2c, payable in September. This could translate into a maiden dividend from Waicor of 7c.

The new company will have as its only assets a 50% stake in W&A Investments and loan portion of tax of R37 000. In terms of JSE rules, it has undertaken to have at least 25% of its capital in other assets within a year.

Based on the current price of W&A of 54c, Waicor will have net assets of 20c.

Because its W&A stake cost slightly more than the R14 million of cash remaining in the Twins shell after the Kroks Brothers acquired Twins assets, Waicor has a commitment of R24 000 which it must pay to W&A within a year.

Mr Mannie Simchowitz, chairman of W&A, and other W&A executives have 70% of the equity of Waicor. The remaining 30% is "widely spread."
Kanhym deal will boost Picardi group’s liquidity

By PAUL DOLD
Financial Editor

The Picardi group will be substantially increasing liquidity and boosting net asset value through two deals. The first is the sale of Karoo to Kanhym - Asokor will retain 38 percent in the new Karoo which will be enlarged, and the second is the pending sale of 50 percent of Picfin’s shareholding in Piccan to a financial institution.

Talks on the sale of the half share in Piccan for R5.3m are still in progress but if these negotiations are successful effective control of Piccan will remain vested in Picfin. The complicated deal with Kanhym will lead to an inflow of around R15m.

On balance the deal is fair for both Kanhym and Asokor. Asokor is continuing to maintain a significant stake in a Karoo which should have an impressive growth pattern while overall liquidity is being increased. Kanhym in turn is set to achieve sharply higher earnings with Karoo consolidated and now within the General Mining orbit.

In the first part of the rationalization of meat interests, Karoo will buy.

Asokor’s meat interests for some R6.3m in return, Asokor will receive net less than 3.15m shares in Karoo.

Step two is for Karoo to buy Kanhym’s meat interests, excluding the feed lots, for some R15.75m and Kanhym will receive 7.75m shares in Karoo.

Step three is for Asokor to sell 80 percent of its shares in Kanhym to increase Kanhym’s stake in Karoo to 51 percent. This should lead to a cash inflow into Asokor of some R8.5m.

Kanhym will extend a similar offer to minority shareholders in terms of the JSE regulations. The price is likely to be around R20c. But Kanhym says it intends retaining KKaroo’s listing.

Gsvg shareholders the reasons for the deal, Asokor’s board says it was guided by the bonetors which are certain to flow from the new enlarged Karoo organization and its General Mining - Union Corporation association to the extent that it believes its reduced interest will have a greater value than its existing controlling interest.

Asokor will also be receiving additional cash from the redemption of the 1.6m Karoo preference shares and the repayment of certain loan accounts totalling some R5m. This will make the total inflow around R25m.

The price of the new Karoo shares to be issued to Asokor depends on Karoo earnings, reaching 22c a share for this year, which will place a value of R2 on each share. Should Karoo’s earnings be more than 22c the value will be raised.

Asokor’s net asset value will rise from R2.13 to R3 after the deal. Overall Asokor will have cash and marketable securities (valued at R2.13 a share) of some R3 per Asokor share, totalling more than R28m and limited immovable commitments.

Clearly earnings outlook will hinge on how Asokor invests the cash but the board says that for the foreseeable future, earnings and dividends will at least be maintained at current levels.

The deal will lead to substantial liquidity and gearing benefits to Picfin and Picbel as the holding and top holding companies of Asokor. Net asset value will increase by R1.66 for Picfin and R1.60 in Picbel.

The deal will establish Kanhym as the major producer of beef in South Africa.

Kathym which is 52 percent owned by the General Mining-Union Corporation group, will end up with 51 percent of Karoo.

Kanhym has announced a one-for-two rights issue at R50c a share to raise R2.25m. Kanhym says this money will be sufficient to fund the meat industry restructuring and its participation in the development of coal reserves that lie under some of its farms.

No further details about the intended coal project are available at this stage.

After completion of the deal and rights issue, Kanhym will control gross assets totalling R10.6m and earnings per share will (on a weighted average, annualized basis) be up by 36 percent over the record R5.6c earned last year.

Under stock exchange regulations Kanhym will extend a bid at the same price to minority shareholders. It is, however, Kanhym’s intention to retain Karoo’s listing, and to continue to develop it as a major meat trading company operating throughout South Africa.

Karoo will further unscramble its involvement with Asokor by repaying over the next 12 months all its loans and by redeeming its 1.4m prefered shares, all of which are held by Asokor.

Karoo emerges as the R485m-a-year meat trading arm of Kanhym, owning manufacturing operations and 130 retail outlets, 40 of them in supermarkets. The deal boosts both earnings and not aved value per share by 15 percent, after listing in account the increase in issued share capital from R1.2m to 23.4m shares.

Flowing from all these transactions, the boards of Kanhym and Karoo are to be restructured with Wim de Villiers, executive chairman of Gemon becomes chairman of both Kanhym and Karoo.

Mr Jack Kahn, chairman of Kanhym since the company’s listing on 1989, becomes joint deputy chairman along with Mr Basil Landau, who is executive director of Union Cup with responsibilities for industrial investments.

Mr Jan Pickard stays on the board and his Asokor company will be able to appoint one further director, while Kanhym will appoint a further five nominees to the Karoo board.

No further details about the
Options open to Gaydon holders

By ELIZABETH ROUSE

THE TAKEOVER of Gaydon Southern Holdings, the holding company of the car parts group Quinton Harell Superite, by a consortium headed by Mr. Isaac Kaye and Mr. Peter Goldberg presents minority shareholders with six options.

Basically, the offer depends on how options Gaydon minority shareholders can either accept an offer of 60 Quinton Harell Superite (QHS) shares for every 100 Gaydon shares held at a price of 60c a QHS share, payable in cash, or accept an offer of 44.2c a Gaydon share, or reject the offer.

Through the offer of QHS shares, Gaydon shareholders, who have invested in Gaydon so as to participate in QHS, maintain their proportionate share in QHS.

The side of the deal is tied up with the disposal by Gaydon of its 16% interest in QHS.

But the crunch of the deal is the consortium’s acquisition of Burmah Oil South Africa’s 60% holding in Gaydon. This holding has been acquired by the consortium at 44.2c a share and the consortium is making a similar offer to Gaydon minorities.

They will also get an interim dividend of not less than 1c a share, to be declared on July 1.

This offer price is in line with expectations of offers for cash shells are always pitched at net asset value prices. It was predicted that the offer price would be well below Gaydon’s pre-suspension market price of 86c.

After the takeover, Gaydon will have net assets of about R2 300 000 or 41.4c a share, represented by cash. The listing will be retained and the consortium will “seek suitable investment opportunities for the company.”

At this stage an earnings projection is impossible, but judging by Mr. Kaye’s record, a ride with Gaydon shares could be exciting.

The two offers, the opportunity to buy QHS shares and the opportunity to sell Gaydon shares, are not dependent on each other.

Gaydon minorities may retain their Gaydon shares, accept the offer of 44.2c a share or sell their Gaydon shares after relisting.

The shares will be reinstated on the Johannesburg Stock Exchange today.
Gallo offered 265c by
Prem Mill

Financial Reporter
PREMIER Milling has confirmed that it is the bidder for Gallo at 265c a share. The takeover will not, however, be 100%.

Premier is to acquire 55% of the shares of the controlling shareholders — Mr E G Gallo, Mr A G McGrath and Mr P A Gallo — and is extending the bid to 55% of the shares of minority holders.

The present controlling shareholders have agreed to sell additional shares should any shortfall from minority need topping up to make Premier's stake 55%.

A statement issued by Barclays National Merchant Bank on behalf of Premier and Gallo says, "Gallo has, subject to shareholders' approval, agreed to acquire from Premier its bookshop division, the consideration for which will be the issue to Premier of approximately 1,839,000 new ordinary shares in Gallo."

"The bookshop division includes 15 retail outlets throughout the Republic, a specialist subscription agency for technical journals and publications, a wholesale distribution operation and printing and publishing.

"The directors of Gallo estimate that the earnings of the company for the year ended June 30 will be not less than 50c a share, before adjusting for any convertible preference shares converted into ordinary shares in terms of the company's executive share incentive scheme.

"There will be no material effect on the net asset value of Premier, but the acquisition would have resulted in an increase in Premier's earnings for the year ended March 31 of approximately 3c a share."

COMMENT: Gallo makes and distributes records and cassettes, consumer electronic products and audio-visual equipment.

Under the direction of Mr Gerald McGrath, the company last year returned a record-breaking profit after three miserable years before.

Premier Milling is, of course, a large and diversified food group which last year reported a solid profit rise after two previous disappointing years.

The cost of the 55% stake will be around R7-million.
R130m giant born of multiple meat marriage

By DAVID CARTE
Deputy Financial Editor

SOUTH AFRICA’S biggest integrated beef company, with assets of R180-million, and turnover of more than R400-million a-year, was created yesterday with the marriage of Kanhyin, Union Corporation’s 52%-owned beef and meat interest, and Karoo, the meat trading company previously controlled by Mr Jan Pickard’s Asokor.

Simultaneously, Kanhyin has announced a 1-for-2 rights issue at 70c a share to raise R22.9 million to fund both the restructuring of its meat interests and Kanhyin’s coal operation.

In terms of the complex deal, Kanhyin will assume control of Karoo from Asokor, the holding company in the Pickard Group, at an effective price of 200c a share, a price that is conditional on Karoo’s earnings 22c and paying a dividend of 13c in the year to the end of June.

The 200c, which is to be offered to minorities, is a 32% premium on the 150c obtaining before Karoo was suspended.

The mechanics of the deal are Kanhyin will obtain 51% of Karoo from Asokor, retaining its farming and feedlot operations, but selling its wholesale and retail meat operations to Karoo for 7,500,000 Karoo shares.

At the same time, Asokor is selling its meat interests to Karoo for about 3,150,000 Karoo shares.

Kanhyin will buy for cash R8.5 million Karoo shares from Asokor to bring its stake in the enlarged Karoo up to 51%. At 200c, Kanhyin will be paying about R8.5 million cash to Asokor.

A statement released by General Mining Union Corporation forecasts that on completion of the deal, Kanhyin’s earnings’ share on a weighted average basis will be up 36% on the record 64.4c of last year.

Karoo emerges from the deal as a R400-million-a-year meat trading arm of Kanhyin. It will have manufacturing operations and 150 outlets, 90 of them in supermarkets. Earnings and net asset value are increased by 15% after taking into account the increase in share capital from 12,500,000 to 22,400,000 shares.

The deal reduces Asokor’s stake in Karoo from 78% to 28%. Apart from its stake in Karoo, Asokor will have R15.1 million in cash and loans after the deal.

Kanhyin retains its feedlot operations, its general farming activities, its 50% holding in the coal-mining operation and gets 51% of the enlarged Karoo.

Dr Wim de Villiers, chairman of General Mining Union Corporation, becomes chairman of both Kanhyin and Karoo, and Mr Jack Kahn, chairman of Kanhyin since 1969, becomes joint deputy chairman alongside Mr Basil Landau, who heads Union Corp’s industrial interests. At Karoo, Mr Tjol Lategan continues as managing director, assisted by Mr Frans Pieterse. Mr Jan Pickard stays on the board.

COMMENT: The deal appears favourable to all affected parties.

Union Corporation’s interest in meat, previously trivial, is now more substantial. Kanhyin obtains a national spread of outlets and better utilisation of its feedlots - something it could not have obtained for the R15-million this deal has cost.

Karoo, previously heavily geared, gets the financial muscle of Union Corporation, not to mention access to Kanhyin’s cattle, management and markets. More important, the deal has unlocked the value that has been latent in Karoo for years - value that has been recognised by the JSE.

Together, Kanhyin and Karoo emerge as much more serious contenders in the meat business alongside the previously much bigger JCS and Vleesentraal.
a good run in future years in view of the planned injection into Gallo of Premier’s profitable bookshop division.

Premier has acquired a 55% holding in Gallo from the Gallo family and MD Gerald McElninch at 285c a share. This is effectively an exit price of 230c plus the 15c final dividend that would have been paid to Gallo shareholders for the year to end-June. Gallo paid a 10c interim on earnings of 30c, and forecasts an annual figure of not less than 50c. On this forecast total dividends for the year would have been 25c — the highest payout ever.

In terms of the arrangement (Fox June 13) Premier’s book retailing and supply division will be injected into Gallo for the issue to Premier of 1.7m Gallo ordinary at a P/E of around five times, which puts a value on the book division of around R4.3m. The division includes 15 retail outlets and a wholesale division, as well as subscription agencies for technical journals.

Had the bookshop division been included in Gallo for the year to end-March, there would have been no material effect on earnings or net assets. This indicates that the division earned some R2.6m after tax in that period, which would approximate R1.4m pre-tax. In addition, the division has an estimated turnover of R12m and R45m. For Premier, books have been profitable. The bookpharmaceutical division contributed R3.6m (R4.4m) to trading profit last year — a 27% increase.

Had Gallo been part of Premier in the year to end-March earnings would have increased 3c to 103c a share.

Though there are bound to be some gripes about the relatively low price, it does offer an end 1PE of five and represents a premium on assets of about 15%. Staying abroad is probably the advisable course since Premier is bound to have expansion plans which will benefit Gallo shareholders, whose own company was limited in its current markets. These plans could well be the injection into Gallo of another of Premier’s non-food interests, such as Hamo Trading.
Fleshing out

Speculation that Kanhyms was about to get out of farming and meat to concentrate on coal mining could not have been further from the mark. The company, in fact, is seeking three-fold gross assets employed through absorption of meat trading interests of the Picard group. This will, furthermore, enhance earnings per share despite a planned rights issue.

Because of the number of companies involved in the Picard side, there is inevitably a lot to the deal. The basic components are the purchase by Karoo of meat trading interests of both Asokor (its immediate holding company) and Kanhyms, and the purchase by Kanhyms of a

facilities. At present, this activity is confined mainly to the Transvaal and Natal. But with the Karoo network at its disposal, distribution will be nation-wide and Kanhyms Beef as a trade-name will be actively promoted.

A secondary benefit is that Karoo, which will continue to manufacture and market its traditional meat products, is expected to purchase an increased proportion of its raw meat requirements from its new parent, thus enhancing the whole cattle farming operation of Kanhyms.

To finance the purchase of the Karoo shares from Asokor, and for the further development of its coal interests, 5.7% at the issue price.

About R8.5m of the new funds will go to Asokor, and Kanhyms may also have to help out with the repayment of Karoo loans from Asokor totalling R5m. This would leave R8.7m for coal developments once the investigation into this venture has been completed.

From Asokor's point of view, it will have, in addition to R13.5m cash, a 25% interest in Karoo and will receive a further cash inflow of R1.6m over the next five years as Karoo redeems its preference shares.

Its profit outlook obviously depends on how these funds are reinvested. But it is perhaps noteworthy that chairman Jan Pickard believes the 38% stake in the larger entity will be worth more than the present 82% interest in Karoo as it now stands. This is reinforced by the fact that the net asset value of Asokor increases from 213c to 500c.

Karoo minority shareholders will have the option of either staying with the company or accepting an offer of about 200c a share from Kanhyms. They are unlikely to do so, however, as the company envisages its earnings increasing by about 15% as a result of the deal. It has forecast a 13c dividend for the current year, based on the earnings estimate of 23c. And if this rises proportionately after the deal, the prospective dividend yield would be about 7.5% at the offer price.

Bryan Thompson

KANHYMS/KAROO

Kanhyms is to raise R22.2m through a 1-for-2 rights issue at 70c. This is firmly pitched in relation to the pre-suspension price of 710c, but the earnings benefits from the acquisition of Karoo, it should prove viable. The General Mining group and the Kahn and Kramer families, who together own more than 70% of the equity, have already indicated they will follow their rights, with the rest being underwritten by Genmin.

Kanhyms estimates earnings on the increased capital at about R7.5c on an annualised basis for the current 15-month accounting period. Of this, about R4c will be attributable to the acquisition of Karoo. The deal is thus enhancing earnings by some 5%. If the normal dividend policy is followed, the annualised dividend total will probably be 40c, yielding a theoretical

sufficient number of Karoo shares to raise its stake in the company to 51%.

With the exception of the last leg, the deal is all paper. Karoo is issuing a minimum of 3.15m shares to Asokor, and a maximum of 7.35m to Kanhyms in exchange for their meat trading interests. This will raise its issued capital to about 234m shares from 12.2m at present. Then Kanhyms will acquire over 4m Karoo shares from Asokor at about 200c a piece to raise its stake to 51%, leaving Asokor with an interest of around 38%.

These terms have been based on an estimate that Karoo will earn 22c for the year ending June 30, and will be subject to adjustment should the company exceed this.

The main attraction to Kanhyms is a major expansion of its meat distribution

Financial Mail June 20 1980
Retco turned down 90c bid

By DAVID CARTE
Deputy Financial Editor

RETRO TURNED down an offer of 90c a share from a group of pension funds in unsuccessful negotiations in April, Mr Dick Goss, the chairman of Retco and managing director of SA Breweries, told a disappointed Retco founder-shareholder at the annual meeting in Johannesburg yesterday.

Questioned by Mr Geoff Leveson, SC, on behalf of Mr Bill Trollop, the holder of 110 000 shares and one of the founders of Retco, Mr Goss said the negotiations were terminated because they looked as if they would continue indefinitely and 17 000 shareholders were being inconvenienced by the share's suspension.

Retco was suspended at 75c and today stands on 62c. It had net assets of 106c at the last balance sheet.

In reply to another of Mr Trollop's questions, Mr Jimmy Ward, managing director of Retco, acknowledged that a merchant bank, Finansbank, had offered Retco the opportunity of buying control of OK Bazaars before SA Breweries acquired it.

"I had certain casual discussions with the managing director of Finansbank and he was 10 per cent and free to visit between OK and me. When I realised that the controllers of OK were interested in selling their entire stake, I knew Retco did not have the resources for the acquisition. We could not issue shares. After speaking to Mr Goss, I suggested to Finansbank that SAB might be interested. And the respective parties took it from there," Mr Goss told the meeting that 35 out of 44 buildings obtained from SA Breweries had been sold and the rest sold, including the Royal Transvaal Buildings, taken over from SAB at a book cost of R221 000, "738 000 per unit", yielding less than 7% on cost.

"He said most of the other properties had been sold at capital profits. The Ciel Hotel in Bloemfontein, for instance, had been sold for R495 000, compared with a capital cost of R240 000, "That is a low return on cost over a 20-year period of high inflation," said Mr Levenson.

Mr Goss said the hotels, yielding an unsatisfactory return would be sold when possible, Retco had plans to revamp several properties. It intended building a 312-room parking garage in Eloff Street. This would justify the renovation of several Retco buildings in the area. Questioned on the prudence of Arbitrage Properties, adjacent to the Johannesburg Stock Exchange, Mr Goss said that although it had been bought in 1973, because of the JSE's undercapitalisation about the size of its development, there and problems in retaining tenants on the site, transfer had been effected only in 1976.

In 1976 Retco shareholders had been told that a R30-million building would be built there. Erembele events — a huge oversupply of office space in Johannesburg — had taken over the company and in 1977 the plan was shelved indefinitely. To date capital, interest and holding costs amounted to R6 300 000.

"We would be prepared to sell the site or swap it for income-producing properties if it could, even at a loss, but there were few potential buyers who could afford it. Mr Trollop intends to write a circular to all Retco shareholders complaining about this property, "bought at an incredible price that has not yielded a cent," he says he is amazed that Retco and the JSE could conclude a purchase and not ensure that tenants were of the site in reasonable terms.

Mr Trollop asked why Retco had never been granted one property development contract by SA Breweries or its subsidiaries, why in particular Retco had not been offered participation in developments by Southern Sun and OK Bazaars.

Mr Goss said SAB and its subsidiaries could not prejudice their shareholders by granting special rights to Retco. They had to deal with Retco on an arms-length basis, but Retco was free to compete with other property developers.

Mr Trollop asked one of the directors of Retco, Mr G T MacRoberts, how many shares in Retco he held, how many meetings of Retco he had attended, how much time he had spent on the affairs of the company and what his remuneration as a director had been.

Mr MacRoberts replied that he had 600 shares, he had attended all five or six meetings. He missed one while on leave. His director's fee was R2 000.

Mr Trollop alone opposed the reappointment of Mr MacRoberts as a director. One shareholder opposed the reappointment of Mr Jimmy Ward. All the other directors were reappointed unanimously.
**SA Brews to spend R170m**

By DAVID CARTE

Deputy Financial Editor

AFTER PUSHING up turnover 30% to R1 755m, taxed profit 36% to R188-million and earnings a share 35% to R3.64, and spending a gross R734m on expansion in the past year, SA Breweries plans to spend another R175-million in the current financial year and is budgeting for better profits in all divisions.

These are some of the highlights in Dr Frans Cronje's chairman's report which is full of records, optimistic forecasts and figures resembling telephone numbers.

The group last year spent a total of R1.5-billion, mainly on extending SAB's northern breweries, funding expansion in Southern Sun Hotels and OK Bazaars, increasing Afcol's stake in Romatex and boosting working capital by R46 000.

If reduced assets by R82-million are the price industry reorganisations, with the result that group net assets increased R130 000 to R883 313 000.

Another R10-million will be spent this year mainly on brewery expansion, completion of the Caledon maltings project, OK Bazaars expansion and Phase 3 of the Sun City complex. In addition, working capital needs will increase another R6-million.

The group has fixed capital needs of R950-million this year. Depreciation will provide R35-million of the R175-million required and the rest will be funded by retained earnings and borrowings. SAB's total interest-bearing debt to shareholders funds was only 30% at the yearend compared with its self-imposed restraint of 60% and interest cover increased to 6.5.

The latest results mean that SAB has increased earnings a share at 19% a year compounded over the past decade and return on equity has improved from 9.8% to 18.8%.

Beer sales rose 20% in volume terms to 9 500 000 hectolitres last year, while beer profits rose 30% to R28 300 000 in spite of one-off costs related to the industry reorganisation. Caxex in the beer division will amount to R40-million this year.

Following the acquisition of Intercontinental Breweries and the reduced stake in bars and pubs through Cape Wine & Distillers, SAB must devot itself of all its bottle-store licences over the next 12 years.

SAB is budgeting for sharply reduced wine and spirit profits in the year ahead. In 1979 Stellenbosch contributed R4 600 000 to group profit. This operated within the SAB group for the first half of the year.

But only a third of its profits were brought to account in the second half after the reorganisation, with the result that wine and spirits last year contributed R11-million. Next year their contribution is expected to fall to R8-million.

Soft drinks, Appletiser and Coca-Cola, brought in R1 400 000. All told, beverages brought in R42 600 000 against R39 400 000 — about 43% of the total against 52% in 1979.

Retail and hotels contributed an attributable R41 300 000 — 41% of the group total — compared with 26% in 1979.

OK brought in R19 100 000 against R17 400 000 — 16% of total attributable profit compared with 26% in 1979 — and Southern Sun weighed in with an attributable R13 700 000 (R8-million). This represented 11% of total profit against 13% in 1979.

The industrial division contributed R14 700 000 compared with R8-million — 15% against 11% of Ok Cos. Afcol contributed R13 900 000 against R9 100 000.

OK, Southern Sun and Amrel are all budgeting for 'satisfactory' earnings growth in the current year.

Southern Sun is to spend R18-million extending Sun City — as 'overwhelmingly successful venture' — which by the yearend had cost R35-million, and R30-million on its 300-bed crewed hotel in central Cape Town.

Building of the Cape Town hotel starts this year. It will be completed by 1983. Southern Sun is looking for a 'satisfactory increase in earnings' while Afcol earnings 'cannot be expected to increase at the same rate' as 1979, the stake in Romatex and a fair climate should ensure "good growth in earnings".
COURTAULDS, the British textile giant, has sold PCW Knitwear (Pty) of Johannesburg to Pan Textile Group for about R£ 300,000. Pan is a subsidiary of SA Nylon Spinners which is owned by AECI.

The deal does not mean that Courtaulds is following the path of some other British companies and winding down its investment in South Africa. A statement says that "Courtaulds intends to concentrate and strengthen its other investment interests in South Africa.

In any case ICI of Britain is one of AECI's major shareholders. The other is De Beers.
Guns for Access

DURBAN. — Marshall Guns, the Durban-based importer and distributor of guns and ammunition, has sold a 51% interest in the company to the JSE-listed Access Investments for R300,000 and 287,400 Access shares.

The company started business in Durban when Mr Dennis Monk and his associates bought the trading licence and stock from the Marshall Industrials group, which went into liquidation.

Access, which was carved out of the Gooderson hotel empire, has sold two Klerksdorp property-owning companies to Mr J G Terblanche for R301,000. Access will receive R181,000 in instalments after deduction of a R200,000 mortgage bond.

The properties have been leased to Century Hotels. The transaction dates from March 1 and will be concluded in March 1983 with the last payment.

In a notice to shareholders, Mr L Wolf, says that after writing off goodwill equal to 6c a share on the Marshall Guns transaction it is not expected that the two deals will have any effect on the net asset value.

It is expected that earnings for the year to August 31 will rise from 2.5c to 3c a share.
Mortite buys again

IN a further diversification of building materials, Mr Jimmy Hashlam's Mortite Holdings has bought Boksburg Foundry for R1 775 000.

This is Mortite's third steel and engineering acquisition in recent months. In May it bought Forge Engineering and Benoni Forge for 200 000 new Mortite shares and R1 500 000 in cash.

Mortite will pay R1 555 000 cash and issue 350 000 new shares at 25c for Boksburg Foundry.

The acquisition will increase net assets by 25c a share and roughly 215c. The acquisition came into effect only after the end of June, so it will not affect earnings in the year to June. But it is expected to add 4c to earnings in 1981.
Unisec may buy Unidev minorities

The Unidev report last year said "group assets are irreplaceable at historic cost and the value of the properties is continually rising as rentals and income improve. At present the group rent roll is running at R12-million.\" Net assets, with the buildings, at historic cost, at the time of the last report was 15c. Sage was negotiating last year at around 20c.

This suggests that a healthy premium will be paid over the pre-suspension price — possibly 30c.

The market appears to have pre-judged the deal in its interests of Unisec. The Unisec share price rose 12c to 25c yesterday afternoon.

Some minorities, among them the largest minority holder, Mr. Norman Bank, are rumoured to have been disappointed when last year's negotiations fell through. Mr. Bank is not commenting, but the current bid could be aimed at satisfying disappointed minorities.
By STEPHEN ORPEN

THE fifth takeover in almost as many months has been engineered by the chairman of Morlite, Jimmy Haslam.

The company's latest acquisition involves 100% of the Boksburg-based group Boksburg Foundry and Boksburg Sales.

The foundry companies specialise in manganese steel castings and cost Morlite some R8 million.

Mr Haslam, who owns 40% of Morlite, was earlier responsible for engineering and real estate group Macabee's soaring rise in profits. Under his direction, Macabee's pre-tax figures climbed from a mere R400 000 to more than R2 million in some five years.

Jimmy Haslam

The new Morlite takeover becomes effective from July 1. Morlite will pay R1.295 million in cash and a balance of R400 000 in 250 000 new Morlite ordinary shares at an issue price of 120c.

Morlite's assets and earnings will not be affected in the (virtually) past financial year to June. But Mr Haslam expects earnings for 1980-81 to be lifted by 4c a share and net attributable assets to be boosted by Be a share.

The Boksburg foundries currently enjoy turnover of some R3 million annually, with orders worth some R1 million now on the books.

Until Haslam stepped in, Morlite was a beleaguered win-

O To Back Page
Mr Takeover does it again

From Page 2

dow-frame manufacturer which had produced some spectacular losses.
Following stringent re-organisation, cut-backs and
cut-backs and changes in areas of operation, profits of R189 000
changes in areas of operation, profits of R189 000
were garnered in the half
year to end-December last.
The first of the recent
acquisitions was Ace Engi-
nearning, a components man-
ufacturer in Springs. This

was followed by Forge Pro-
ducts and Benon Forge and
Engineering.

Both companies were ac-
quired mainly with Morlette
shares, the total outlay be-
ing 750 000, plus R260 000
over a period.

Still on the takeover trail,
Mr Haslam says he will
now be looking "at engi-
nearneing companies with tur-

novers of not less than R2

million a year,"
Kan hym is now full of beef

Farming Correspondent

Farming circles regard the Kan hym Karoo merger as the final crowning of the Kan hym interests.

In 1979, the Kan hym meat trading activities already contributed 42 percent to group profits. Still the expansion of its integrated operations was limited by the potential of its own outlets variegated as they may be.

Now the inclusion of Karoo means:

- The strengthening of its retail arm.
- The extension of its operations to S W A Nambula where Karoo owns its own abattoir.
- The lowering of costs and an increase in facilities that goes with the fuller use of capacity.

For Kanhym's farming side the merger means that over a period of three or four years it will be able to expand its feedlot business to some 200,000 cattle annually, or roughly half the total feedlot output in South Africa.

Another salient feature is the possible use for underlining, emphasis or for diagrams, for which pencil may also be used.

3 Names must be printed on each separate sheet (e.g. graph paper) where sheets additional to examination book(s) are used.

4 Do not write in the left hand margin.

<table>
<thead>
<tr>
<th></th>
<th>Internal</th>
<th>External</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(2)</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>(3)</td>
<td>11</td>
<td>9</td>
</tr>
</tbody>
</table>

Every candidate must enter in column (1) the number of each question answered (in the order in which it has been answered), leave columns (2) and (3) blank.

Note: Any dishonesty will render the candidate liable to disqualification and to possible exclusion from the University.

Made in South Africa TRIO BANDAG P.C.T. PSL/UPD 100 000 1978 PO UCT AM7a Vereeniging in Suid Afrika
Nuco liquidity shock

By DAVID CARTE

Deputy Financial Editor

NUCO, the uranium extraction plant near Nigel, which was to have been listed through Mr Peter Gamm's cash shell, Columbus Holdings, has been placed in provisional liquidation.

This was confirmed at the weekend by Dr A Rowe, the founder and manager of Nuco, a company for which Columbus agreed to pay R10 million in December "subject to certain conditions".

On Thursday last week, the intended takeover fell through as certain conditions were not met.

Nuco has gone into provisional liquidation owing Columbus R10 000 - Columbus' entire cash holding. But according to Mr Gamm, the debt was taken over by an unnamed third party "without recourse".

Mr Gamm says Columbus is not affected by the developments and still has assets of R519 000 cash, equivalent to 25c a share, which it intends to deploy in other assets as soon as it can.

Dr Rowe said he was not worried about the future of Nuco. He stressed that the liquidation was only provisional. He said a provisional liquidation gave him time to find alternative finance and "delicate negotiations" were in progress.

He would not disclose the extent of Nuco's total debt or the names of any creditors. He said that apart from Columbus,
New look Skye could earn 11.8c a share

Deputy Financial Editor

ONCE IT has been reconstituted into Egoli Consolidated Mines, Skye, Mr Peter Gale's cash shell, will earn 11.8c per share and pay not less than 7c a share on an average gold price of $400 per ounce.

This projection is contained in the transmuted listing statement published today.

Earnings are forecast to rise with the gold price as follows:

- 17.5c, $300 - $400
- 18.6c, $400 - $500
- 19.4c, $500 - $600

No forecasts are given for earnings on a gold price lower than $400 per ounce.

These projections are based on an assumed average grade of 1.31 grams per ton of sand processed and a production rate of 40 000t per month being attained.

After the reverse takeover of Skye by Johannesburg Mineral Corporation, Southern Prospecting and others for the issue of 5 250 000 new shares, deferred shares and cash and the injection of various mining assets, Egoli Consolidated Mines will have just over 10-million shares in issue.

Its major assets will be 5 603 000 tons of gold bearing pebble dumps and slimes dams with an average grade of 1.14 grams of gold per ton and other mining assets.

At the current 18c, the share yields a prospective 5% - assuming an average gold price of $400 per ounce.
Haggie, Iscor's wire giant

BY DAVID CARTE

Deputy Financial Editor
SOUTH AFRICA'S largest wire-making company, with prospects of turnover of £5 million a year, was formed yesterday with the merging of the mild wire interests of Haggie Limited and Iscor in a deal believed to be worth at least £30 million.

The new company is to be called Consolidated Wire Industries (CWI) and will be owned equally by Iscor and Haggie Limited, the listed wire and cable manufacturer, which is controlled 51% each by General Mining Union Corporation and Anglo American Corporation.

The parties are not yet disclosing sales, sales, profits or even the value of the new venture, but a rough idea of turnover can be gained from a statement that the new company will control "over half" the £140 million, 275,000-ton a year wire industry. Industry estimates are that turnover will top £90 million.

Wire Industries dividend to Haggie in the last six months of last year gives a vague suggestion of the value of the new company but does not represent only half the dividend, which on an annual basis must have totalled around £100,000.

Taking into account earnings retained and price-earnings ratios obtained today, authoritative industry sources close to the deal say CWI must be worth at least £30 million.

Before the merger, Haggie bought the 50% of Wire Industries it did not already own from Wipeco for an undisclosed sum, taking sole control. Iscor, having obtained its 50% stake in CWI for all of its mild wire interests throughout South Africa.

The new company will employ 1,700 people and make wire and welded mesh for agriculture, public authorities, industry and security, as well as such diverse products as electrical cable armour and insulation, reinforcing wire for bolts and screws and welding, rivets, staples, household utensils and even supermarket baskets and trolleys.

Consolidated Wire Industries' main manufacturing facilities will be the present extensive wire works at Vanderbijlpark and the huge wire plant within Iscor's Pretoria works. The latter will,
Golden Dumps for Govt Areas

Financial Editor

GOVERNMENT Areas is acquiring the Golden Dumps mining interests on the East Rand of Mr L C Pouroulis and changing its name to Consolidated Modderfontein Mining.

In a related deal Govt Areas is selling its holdings in Johanneburg Mineral Corporation (Pty) and Mantech (Pty) to Mr Peter Gaunt's Skye group.

Govt Areas is listed on the Johannesburg Stock Exchange under property and is on the outside fringe of marginal gold mining ventures.

It incurred a loss of over R1 million in 1979.

Mr Pouroulis is managing director of Govt Areas and the deal basically links the two interests even closer.

Dr Charles Ferrera of Mercabank, which has a minority stake, is the chairman of Govt Areas.

The statement issued by Mercabank says Mr Pouroulis is selling his mining interests to Govt Areas for 4 500 000 shares valued at about R9 million.

That puts a 15c a share value on Govt Areas against yesterday's stock exchange price of 15c.

It says the JSE will be asked to approve the name change to Consolidated Modderfontein and to have the company listed under the gold-Witwatersrand sector.

Govt Areas will get 500 000 ordinary and 33 333 ordinary deferred shares in Skye and R111 111 cash for the assets listed above.

The statement says: "The acquisition of assets from L C Pouroulis will have a positive influence on the earnings of a share of Govt Areas, but the extent thereof cannot be established at this stage.

"The acquisition of the Skye assets should have no material influence on earnings a share.""

COMMENT: The gold boom has given new life to plenty of old or dying mines and it is possible that the enlarged Govt Areas might get firmer on its feet.

But the group has to be highly speculative from a shareholder view until much more detailed information is available.
GOVERNMENT AREAS

Modder merger

There was little immediate market reaction to the news that Loucas Poroulis' Modderfontein 74 dump treatment operations are to be injected into Government Areas. However, the merger could mean dividends are more forthcoming from GGMA which has been ploughing back earnings to fund its expansion programme.

The move means Poroulis will receive 4.3m GGMA shares for "millions of tons of surface materials and certain underground rights granted or applied for." In addition, Modder 74 has its own retreatment plant, incorporating a carbon-in-pulp process, which will be used to augment a similar plant at GGMA.

No details have yet been revealed on Modder 74's profitability, but the major benefit of the merger seems to be that its cash flow can be applied to fund GGMA's expansion. In addition, there should be tax losses available to offset against Modder 74's profits.

GGMA plans to start underground production in about a month, building up to an initial 12 000 t monthly mill throughput by early 1981 and 20 000 t or more by year's end. Its own plant capacity is also being expanded to 12 000 t from the current 5 000 t, which will be augmented by the 10 000-12 000 t per month capacity available at Modder. The plants age to be kept at full capacity by topping up underground material with dump material.

GGMA has also sold its 10% holding in both Johannesburg Minerals Corp and its management company, Mantech, to Skye (see above) for 500 000 Skye ordinary and 83 300 deferred ordinary shares. However, this holding is not expected to have a major impact on GGMA's results.

GGMA's 1m 6% cum red prefs issued to creditors at the time of the liquidation of the mine under a previous management are to be converted into 700 000 ords. Holders of the prefs have been asked to waive their rights to dividends of R180 000 as a result of this scheme. After the deal Poroulis will hold some 42% of the enlarged GGMA, which will then be listed on the JSE as Consolidated Modderfontein.

The market hardly reacted to the news, pushing the share 5c higher to 185c. An announcement had been expected for some weeks which helped lift the share from its 165c low earlier this year. While the deal is "expected to have a positive effect" on GGMA's earnings, little upside seems likely until further details are released on the effects of the merger.

Des Klaasen
HAGGIE

Consolidating wire

Haggle and Iscor have become partners with the merger of their mild wire interests. The formation of the new company, Consolidated Wire Industries, is in line with government policy of diverting certain State-controlled activities to the private sector, but the effect on Haggle's earnings will probably not be significant until 1982. Nevertheless, with a prospective annual turnover in excess of R80m, CWI will be SA's largest wire-making company, and Haggle's MD Richard Savage, appointed chairman of the new company, is extremely hopeful about prospects in the medium term.

Prior to the merger, Haggle purchased the 50% interest in Wire Industries held by Wispeco, thereby making WI a wholly-owned subsidiary. The purchase price has not been revealed, but no suspension of Haggle shares was necessary as it amounted to less than 10% of shareholders' funds. In line with the current value of Haggle's original investment in the company, however, a R5m ticket was probably involved.

In return for its mild wire assets, Iscor has received 50% of the CWI's 4m ordinary shares. Although its wire division is presently situated inside the Pretoria works, it will operate independently.

Haggle's near-term advantage from the venture is not altogether clear. It has obviously swooped its stake in the smaller Wire Industries with a turnover of R52m last year, for a 50% share in what could become the market leader in the R140m mild wire products industry. Haggle will be responsible for group management, although each partner will put forward four board members and the chairmanship will rotate every two years.

But the effect on Haggle's earnings will be minimal in the current year. Assuming it continues to report only dividend income from its holding in CWI, the net increase from an amount double last year's R475 000 would be a mere 3c increase on 102.8c. It seems possible, however, that CWI's earnings could be consolidated from next year, and the merger will eventually lessen Haggle's dependence on sales to the mining industry.
BP/SELTRUST

What’s in it for Anglo?

At first blush British Petroleum’s proposed bid for London-based mining group Seleccon Trust has little to do with SA Seltrust has an exploration programme here and an equity stake in gold producer Unisel BP has its coal reserves Apart from that, the connection is relatively small

But though a bid might be the end of the story as far as BP and Seltrust are concerned, the spin-off in other directions could well have considerable impact on the structure of SA’s mining industry

Seltrust’s largest shareholder (27%) is Charter Consolidated And if, as London analysts believe, BP pitches a bid at just over £13 a Seltrust share, Charter’s holding is worth more than £10bn Though BP’s hand was in part forced by leaks of its plans, it is a reasonable assumption that they were made following agreement with Charter If the price is right, Charter is a seller

But what does Charter do with the cash — likely to be more than £2bn after capital gains tax? The easy answer is that it will be used to extend the company’s European and North American interests

That was the line put out at Tuesday’s press conference in London to announce Charter’s preliminary results As MD Neil Clarke put it, Charter proposes to follow its normal policy

Under normal circumstances that would be enough to be taken at face value For example, a bid could be put together for the Cape Asbestos minorities or a full bid made for Anderson Strathclyde As it is, circumstances are not normal Anglo’s relations with 25%-held Cons Gold are apparently not good With a 25% interest, the Anglo group is surely entitled to Cons Gold board representation But Cons Gold’s management is fighting tooth and nail to prevent the man they know as “Jaws” introducing its nominees And something has to be done soon if the row is not to become public, especially as Anglo seems to be out to gain effective control of GFSA

As some London cynics put it, Charter’s “normal policy” is to follow instructions from 44 Main Street, and the cash from accepting the BP bid for the Seltrust holding will be earmarked for just that purpose

Again as London sees things, the Anglo group’s restructuring is far from complete. Permutations are enormous, but one option which keeps resurfacing is that a cash-flush Charter will make a cash and paper bid for the 38.8% of Minmore held by Anglo and the 41.2% held by minorities At current London market levels, that would mean a price tag of around £2bn. An impossible amount to put together particularly if there is backing from parent Anglo

Then, so the theory goes, Anglo would trade its eventual Charter stake or some of Charter’s assets with Cons Gold for a greater direct holding in GFSA That would be accompanied by an undertaking that once this had been dealt with, Anglo would either wind down its holding in the group or at least refrain from seeking any management say at board level

Harry Oppenheimer — holding the key to GFSA

Taking over Minmore and then getting rid of it is not an altogether likely proposition given the Oppenheimer family’s concern for Minmore’s success But Charter could enlarge itself by buying some of Minmore’s assets, including, perhaps, the 29% stake in Engelhard Minmore could easily deploy the cash elsewhere

The attractions for Anglo of a controlling stake in GFSA are obvious, though it would result in a lesser operational role outside SA But even that may not be too much to pay. There have already been anti-trust rumblings in the USA over Anglo’s indirect interests in precious metal traders Engelhard and its direct and indirect holdings in Johnson Matthey But are they really that important to Anglo? The group, directly and through side-kick JCI, has majority control of Rustenburg, and that is where the ultimate power lies in the platinum market

There could, of course, be several side deals, particularly if Anglo wants to hold on to parts of its overseas empire currently held through Minmore and Charter But they are to all intents and purposes irrelevant to the main goal which is effective control of GFSA And if, as seems to be common knowledge, Cons Gold’s board would do almost anything to get Harry Oppenheimer out of its hair, any reasonable deal would be accepted. In any event, Cons Gold’s policy for several years has been to increase its non-SA exposure

All this is, of course, hypothesis at this stage But in any event, Anglo is unlikely to be happy until its direct or indirect control of GFSA is sewn up

Once that is complete, attention can be turned towards tidying up another part of the empire, JCI and Rustenburg That may not be far off especially if, as seems likely, the recent resignation of a JCI director pressages an increased number of Anglo nominees on the group’s board As it is, many of JCI’s major development proposals have already to be agreed by...
SA BREWERIES

Profitaholic

Activities: Diversified liquor group with a monopoly of the SA beer industry and a 30% interest in Cape Wine & Distillers. Subsidiaries include Afnol, Amiel, OK Baraza, Southern Sun and Sally Kramer. Main shareholders are JCI (19%) and Old Mutual (10%).

Chairman: Dr F. J. C. Cronje, managing director R. J. Goss.

Capital structure: 22,4m ordinary shares of 30c, 8m 6.2% preference of R1, 11m 7% preference of R1, 1.9m 8% redeemable preference of R1. Market capitalisation R724m.

Financial: Year to March 31, 1980. Borrowings long- and medium-term, R154m, net short-term, R76.3m. Debt equity ratio 47.8%. Current ratio 1.3. Group cash flow R155.7m. Capital commitments R106.7m.

Share market: Price 330c (1979-80 high, 342c low, 190c trading volume last quarter, 1,2m shares). Yields 10.3% on ordinary 5% share, dividend cover 3.4, P/E ratio 9.7.

With consumer spending expected to remain stable until the end of 1981, indications are that the SA Breweries group should at least be able to maintain last year’s 29% earnings growth rate, with a commensurate increase in dividends.

But at the same time, it also seems that the basic profit pattern of the past two years will continue, with non-beer interests providing the major growth areas. It could even be that the beer sector’s contribution to net earnings will drop below 50% of the total for the first time, despite the fact that in most of the non-beer activities there are large minority shareholdings.

Last year, the non-beer side accounted for about 57% of the company’s profits (see table). But after taking into account majority interests — mostly relate to companies such as Afnol, Amiel, OK Baraza, and Southern Sun — the contribution to earnings was some R5.5m less than from beverages. This year, however, if FM forecasts for the individual companies prove correct in aggregate, the position will be reversed with the non-beer companies providing between 51% and 52% of net profits.

This is not to say that the beverages sector will perform badly. After negative growth related to inflation over the past two years, it looks as if the profits from this division could improve by about 20% this year. This compares with 11% in fiscal 1980 and is four times the growth rate of 1979.

Main reason for this is that the current year is the first in which SAC will feel the full benefits of last year’s rationalisation of the beer industry and the re-establishment of its monopoly position. And while it is true that the group has undertaken

not to increase the wholesale list prices of beer until 1981, elimination of special discounts introduced at a time when it was necessary to protect market share will increase sales revenue. This provides a measure of protection against rising production costs.

Chairman Dr F. J. C. Cronje, says the group is looking to a somewhat higher rate of growth per an increase in beer sales than the 1980’s 20% volume increase. He further expects that beer profits will continue to improve at a rate faster than the growth in sales volumes, which reflects the productivity benefits of a higher sales base.

Working on a 25% increase in volume, beer profits could thus show improvement of around 35% to R33m after tax (R28.5m) — five percentage points better than last year’s growth rate. Against this, however, other effects of the liquor industry rationalisation are less favourable. In particular, the 27% reduction expected in income from wine from R11.5m to R8.5m now that Stellenbosch is out of the group, after a 28% decline last year. Then there will be a probable standstill position for Sally Kramer which will start to dispose of outlets in line with requirements that both SAC and Rembrandt divest themselves of their retail liquor interests.

Overall, it is probable that there will be a net decline in beverage sector profits other than beer, hence the projection that

SAB... beer monopoly leading to further growth.
In S.A., the cost curves are set quite low on the scale for other reasons. This is because of legislation, the economic conditions, and the fact that it is not possible to increase wages significantly.

PROFIT PROFILE

Tasured profit before minority interest

<table>
<thead>
<tr>
<th>Year</th>
<th>Profit before minority interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>93</td>
<td>1240</td>
</tr>
<tr>
<td>94</td>
<td>1260</td>
</tr>
<tr>
<td>95</td>
<td>1280</td>
</tr>
</tbody>
</table>

Due to the high cost of living in S.A., the cost curves are set quite low on the scale for other reasons.
TONGAAT

Diversified gains

Activities: The most diversified of the
sugar companies, with interests in
food and feed, building materials,
textiles and electronics. Holds 96% of
Haletts through S & T Investments
Anglo American holds 17.4% of the
equity.

Chairman: C. J. Saunders, non-chairman
D W Stringham managing director
A D Hankinson

Capital structure: 1.2m Ordinary of
R1.12m 10c red cap pcts at R1
and 3m AR red cap pcts at 10c
issued at R1 Market capitalisation
R150.5m

Financial: Year to March 31 1980
Borrowings short and medium-term
R53.1m, net short-term R16.3m
Debt equity ratio 27.6. Current
ratio 1.5
Cash flow R5.2m
Capital commitment R45.4m

Share market: Price 716c (1979-80)
high 1600c low 246c trading volume
last quarter 151,000 shares
Yield 11.5% on earnings, 4.2% on
dividend
Cover 27 PB ratio 8.8

Tongaat: Diversification offsets near-term sugar problems

In contrast, the building products
division reported a 70% earnings
improvement as demand for bricks rose sharply
and shortages developed in the Transvaal
and O R. This year another marked
improvement is expected which augurs
well for this division topping the profit
contribution list.

The textiles division could be a competitor
for number two in the market of sugar,
dependent largely on the extent of the
deficit in the latter operation's profit.
Last year textiles contributed 18% of
total net profit, and with the coming on
stream of the expansion at Whitehead
t and the acquisition of Hebox, a
corresponding earnings advance is on
the cards. This takes into account product
centralization and synergy benefits from
the mergers.

Food and feeds will be boosted by the
acquisition of H Lewis to the extent that
these activities could well be the largest
in turnover terms in the current year. Had
Lewis been consolidated in the year to
end-March the food and feeds division
would have contributed up to 18% of net
profit against the 8.4% actually recorded.

The division is confidently budgeting
for an increased profit.

Last year Tongaat reported further
improvements in its financial structure.
Total borrowings fell to R53.1m (R79.5m)
with an improvement in the interest
leverage cover to 1.413 times. The return on
capital employed was little different,
mostly reflecting the R16.6m revaluation
of assets during the year. Had assets been
accounted at book value, the directors say
the return on capital employed would have
been 13.8% (13.7%).

Asset revaluation meant additional depreciation of R6.4m,
after which dividends were twice covered.

Last year's acquisition moves towards
Lewis and Hebox will cost R29m hence
the high R45.4m (R44.6m) capital
commitments figure. These funds will come from
the issue of shares, both prefs and ords, as
well as retained earnings. Tongaat is
considering the private placement of 7.5m prefs

Financial Mail June 27 1980

1530
to find part of the acquisition prices.

The forecast for the next three years points to earnings of more than 180c in
1983. The ability of the group to give such a farm forecast is based on diversification
which allows poor seasonal performances in some divisions, like sugar, to be more
than offset by others. In addition, Tongaat is liquid and there are significant pros-
spects for rationalisation. The fact that the group tends to be conservative augurs
well for earnings to exceed 100c this year, from which dividends of over 35c are in
prospect.

The market obviously takes a more bullish view having rated the share at 710c
on a low 4.3% historic yield — a better rating than even Barlows which stands on
a 4.4% yield.

Des Kallosa
14.7% return for Boland shareholders

Deputy Financial Editor

BOLAND BANK, South Africa’s fifth biggest bank, pushed up declared taxable profit 22% to R3 724 000 in the year to March 31 to earn a return of 14.7% on shareholders’ funds of R25 898 000.

This is revealed in the annual report published today.

Because of an increase in the number of shares in issue, earnings a share rose only 12.6% to 61.5c. The dividend was raised 10% to a 2.8 times covered 22c (20c).

Total assets rose 12.6% to R439 615 000. Total advances, put on 11% to R304 656 000, with debtors and loans rising 22% to R169 899 000, reflecting growth in hire-purchase and lease business. Loans against mortgages declined 3% to R108 196 000, reflecting a drive to reduce property exposure.

Total liabilities to the public rose 7% to R333 917 000, with savings and fixed deposits up 5.4% to R232 273 000. Creditors and provisions gained 22% to R101 754 000.

The bank has a comfortable capital surplus and is in a position to accept another R45-million in deposits. This should enable further growth without a rights issue in the year ahead.

Boland holds 36.4% of Mercantil bank and, before the merger with Guardian, owned 12% of Unibic. It will not accept cash for its Unibic holding, choosing to stick with Guardian Unibic.

Because Boland pays for most its deposits, falling interest rates should benefit it, but this tendency is partially offset by the large fixed deposit component. In an era of plunging interest rates this may well have impeded profit growth, although the declared profit is probably a substantial understatement.

But at least Boland Bank’s vulnerability to rising interest rates is diminished by the deposits make-up.

At 285c, the share yields 7.7% on the new dividend, which was probably on the stingy side to permit further growth without a rights issue. The share is sold, if a little unexciting and at the current yield looks reasonable value compared with other banks.
Saficon going for 26% rise in earnings

BY DAVID CARTE
Deputy Financial Editor

Saficon, the listed Mercedes-Benz and Volkswagen dealer and the biggest shareholder in Boumat, is looking for a 26% jump in earnings in the year ahead. And thanks to the benefit of preference share gearing, Safic, its pyramid, is looking for 37.6% earnings growth, says the annual report published today.

The chairman, Mr Sidney Borsook, projects earnings of 35.5c a share and a dividend of 12.5c for Saficon, which in the year to March 31 earned 48.1c and paid 14.25c.

For Safic, he projects earnings of 72c a share and a dividend of 20.5c, compared to the 52.3c earned and 14.75c paid in 1980.

Mr Borsook stresses these are projections and not forecasts. They are based on assumptions of an 8% increase in unit sales, 12% price increases, unchanged margins, costs rising by not more than 10%, interest payments rising by 23% and increased earnings from Boumat.

After a difficult first half, in which car sales and use were depressed by the oil supply and price scare of June 1979, Saficon surged ahead in the second half, largely on the strength of Volkswagen Golf and reviving Mercedes’ sales.

Saficon’s unit sales of cars rose 26%. It is a total market that expanded by 4.5%. Its light commercial sales fell 22% in a market that grew 3%, and its heavy commercial sales rose 22% in a market that grew 12%. Safic’s share of the national car market rose from 4.5% to 5.4%.

Motor distribution contributed 67% of earnings, Boumat 19%, component manufacture 7%, holding company income 5% and property 2%.

Saficon’s stake in Boumat rose from 593,000 to 797,000 shares during the year, representing 20% of the equity. Since the year-end, another 583,000 shares were acquired, bringing the current stake in Boumat to 1,181,000 shares – nearly 30%.

Boumat expects to increase earnings to 13c a share and the dividend to 32c this year promising an attributable EL 631,000 of earnings and dividend income of EL 780,000 for Saficon.

Once again, the reports of Safic and Saficon are full of Joel Sterns’s ratios, including return on average net assets of 15.56% against 11.78% in 1979 and a “sustainable growth rate” of 15.27%. This is obtained by applying return on equity by the retention ratio. All this highly esoteric number crunching is presumably done to promote understanding of the company.

How unfortunate then that the strike in the Volkswagen plant, which could conceivably throw these academic calculations out quite badly, is not even mentioned.

And no idea is given of the relative importance of income from car sales, the workshops and petrol sales.

The annual report seems to have strengthened Saficon shares which moved up 15c to 215c yesterday. At the current prices, Saficon yields 6.6% and Safic, at 210c, 7%. The prospective yields, on Mr Borsook’s projections, are 9% for Saficon and 9.8% for Safic.

As a rule, when yields are similar, the top company is preferable. After all, that is where control is. In this case, with its historical and prospective yields higher and pre-gearing working for it, Safic looks the better bet.
Propan twinned with Twins

Financial Reporter

Propan, a wholly owned subsidiary of Premier Milling had been merged with Twins Pharmaceutical Holdings. Premier Milling’s chairman, Mr Tony Bloom told shareholders at the annual meeting in Johannesburg yesterday.

Premier holds 50.1% of the combined group and Krook Brothers Holdings (Pty) holds 49.9%. Mr S Krook and Mr A Krook will be responsible for management of the new group.

The price of the acquisition of the Twins assets was based on the identical price offered to the minorities by Krook Brothers Holdings in February.

Mr Bloom said the new group should be able to effect substantial rationalisation benefits and represent an impressive and aggressive force in the pharmaceutical industry.

Referring to Premier Milling, Mr Bloom said that trading conditions had been as buoyant as expected.

Twins minorities were offered 25c a share by the Krook brothers in February. This placed a value of R14-million on the assets originally in the quoted Twins group.

Subsequently the Krook brothers bought the assets from Twins at this value and sold the shell to W & A Investment Corporation. The name of this company was changed to Warner when it became the pyramid company of W & A.

The assets bought by the Krook brothers were put into one of their companies, which was renamed Twins Pharmaceutical Holdings.
Revamped Salect pays 2c

SA Selected Holdings, reporting for the first time since the company was restructured late in 1979, achieved an attributable profit of R1 208 000, annualised for the 12 months to last February.

As the contribution from the Intercontinental machine tool and engineering subsidiary covered 14 months, the figures omit turnover and profit of R1 500 000 and R90 000 respectively, being that portion derived from the first two months of Intercontinental activity.

Based on the 12-million shares in issue, earnings a share translate to 10c, cost of which a 2c dividend has been declared.

Market expectations must have been more optimistic as the share rose to a high of 100c to close at 95c yesterday, which dividend yield just over 2%.

Because of the restructuring and change of activities within the group, comparative figures would be meaningless.

The chairman, Mr Robert Skok, says group order books are at record levels with a high volume of both domestic and overseas work in hand for at least the next year.

Salect is confident of being able to sell the 78% stake in Sinclair Holdings in the current year. Mr Skok says the Sinclair interests, which accounted for a loss of R221 000 for Salect in this past year, are not compatible with the group's other activities.

Moreover, the disposal of this investment will reduce the cost of short-term finance and allow for a more liberal future dividend policy.

The group's move into its Herotrade premises now virtually complete and the initial integration problems have been overcome.

Overall, Mr Skok believes the outlook for the current year is positive — a minimum 20% improvement in turnover and a doubling of earnings is expected.

The company's annual report will be published before the end of July and will contain a complete review of activities and a specific forecast of earnings for 1980-81.
Malbak hopes to beat profit record

MALBAK is confident of achieving further earnings growth in the 1989-1990 year, says the group managing director, Mr Grant Thomas, in the annual report.

"Stimulated by exceptional gold sales, abundant liquidity and a growth-encouraging budget, the business climate in South Africa seems fortunately to be out of step with major Western economies and there appear to be adequate reasons to anticipate that favourable conditions will prevail throughout the forthcoming year. All group divisions should benefit from a year of above-average growth."

Having produced record earnings of 50,4c a share in the year to March, the growth target for this year may well be substantially above the historical average of 17,3% compound growth achieved since the group was formed 12 years ago.

If a 30% improvement can be achieved, earnings will rise to almost 61c a share and a total dividend of 22c would be possible without disturbing the near-2,0 times cover of last year.

One of the past year's features was the 24,6% return on ordinary shareholders' funds. This was a 30% improvement on the 17,7% return of the previous year.

Although margins within certain group operations came under pressure, the 28,2% rise in turnover to R129-million was not the sole influencing factor in the pre-tax profit rise of 58,2%.

Central to the improvement in the position this year was the part played by recent acquisitions, PCI and Macabee.

Other significant features of the accounts include the improvement in net asset value from 290c to 230c and the intact 48,3% ratio of shareholders' funds to total assets in spite of the year's cash-funded acquisitions.

Of the five major divisions - all of which are autonomously managed and financed - Bakke remained the single largest source of profit, contributing 42% of the net total. This packaging, plastic products and mining supplies division achieved the same profit as last year in spite of higher raw material costs and the greater than expected costs associated with rationalising its two injection moulding companies.

There are signs that material costs in the current year will level out and there is little likelihood of supply problems.

Macabee, which became a wholly owned subsidiary and is now the light-engineering division, accounted for 15% of the profit total. The contribution - representing 7,5c a Malbak share - arises from earnings for only nine months.

so the current year will be the first in which a full contribution is recorded.

The motor retailing division, Malbak Motor Holdings, was influenced by a difficult trading climate, particularly in the first half of the year and thus contributed only 8% of the total profit.

Stemming from higher petrol costs and speed restrictions, the structure of the division was reappraised, resulting in the absorption of certain one-off costs associated with the closing of several outlets.

The slimmer operation, coupled with expected benefits to flow from the integration of the BMW franchise in the Free State last year, should result in more acceptable profit levels in the current year.

Malonness, the farm machinery division, showed a strong recovery from 1979's profit slump and made up 13% of the total 1989 profits.

Certain administrative problems within the division remain to be overcome, but buoyant trading conditions are expected to continue throughout the current year.

Group services, embracing the recently acquired process control instrumentation, contributed the 25% balance of total profits.

PCI's profits surpassed budget and the company's advantageous position in the instrumentation industry should allow for further operational developments and profit growth.

Malbak's pre-tax profit rose to a record R8 100 000 (R5 500 000), and net profit attributable to ordinary shareholders totalled nearly R5 300 000 (R3 500 000). Earnings a share were 50,4c (33,5c) and a total dividend of 18c (13,5c) was paid.
Coal mine costs soar

By ELIZABETH ROUSE

ESCOM will take additional coal supplies from Amcoa's New Denmark coalfield and the increase in the colliery's capacity will add millions to group capital expenditure.

It is expected that the combined cost of Amcoa's two collieries, New Denmark and New Vaal, will be about R222-million in January 1979 money values, against the previous estimate of R210-million.

Escom has exercised its option for additional coal from New Denmark to enable the generating capacity of the Tu-tuka power station to be increased from 1 800 MW to 3 600 MW, a move which was expected. As a result designed capacity of the New Denmark Colliery will be increased to about 10-million tons of coal annually.

Detailed planning is in progress, says Amcoa Production is expected to start in 1984 in time to meet the commissioning of the first of the six planned generating sets at the power station in the first half of 1985. Full production should be reached by 1990.

Capital estimates are being completed and agreed to with Escom. As previously indicated, it is expected that about 60% of the cost of the two collieries to completion will be funded by Amcoa and Escom with arrange for the balance.

The contract with Escom provided for the supply of 460-million tons of steam coal over 40 years, worth about R4 000-million at current prices.

New Vaal in the Cornwall coalfield will at full output supply about 6 500 000 tons to the Cornwall power station.
Gold tops in grand year for Anglo

By DAVID CARTE

Deputy Financial Editor

Anglo American Corporation profited 36% of South Africa's gold, 35% of its coal and 41% of its uranium in pushing up pre-tax profit 32% to R103 million to R39 670 600 in the year to March, says the annual report.

Pre-tax profit rose 44% to R383 500 000, earnings a share of 59% to 136,1c and the dividend 5% to R1 600 per share.

The market value of investments rose to R5 150 million (R3 071 400 000), while assets employed totalled nearly R9 000 million. The total market capitalisation of companies administered by Anglo rose to R1 900 million.

Anglo's own market capitalisation rose 73% to R1 928 million.

Even though all divisions except level-pegging diamonds, achieved vastly improved results, the gold division outstripped all others, contributing 50% of group income, compared to 37% in 1979.

Gold production declined 6% to 526 000 kg, and uranium production rose 53% to 2 540 kg. Workings revenue of the gold mines rose 47% to R1 385 500 000 in spite of increased working costs. Working profit rose 78.2% to R1 274 600 000. Dividends paid totalled R350 600 000 (R194 700 000).

During the year the South African division at Veld Reefs was commission and a R11-million additional shaft system and gold plant at Western Deep Levels was announced. Both the Joint Metallurgical Scheme and Ergo were operating satisfactorily.

While total mine output rose by 2-million carats to 13 000 000 carats, diamond sales by the Central Selling Organisation were about the same as in 1979.

- $2 086 million. This was a $46-million improvement in dollars, but a R125-million decline because of exchange rate movements.

While De Beers diamond account income was R125 420 000 million lower because of lower stock profits and higher working costs, interest and dividend income compensated and equity earnings at R74 100 000 were almost the same as in 1979.

In coal the most important development was the securing of contracts to supply two new 1 800 MW Escom power stations. Sales rose 23% to 30 300 000 MT and pre-tax profit 25% to R109 million.

Among industrial holdings, Highveld Steel, incorporation of full year's results of Rand Carbine for the first time, lifted earnings 20% to R21 500 000. Scaaf Metals, Boart International and Mondo Paper all achieved record results, and Sigma became South Africa's biggest vehicle maker, selling nearly 50 000 units. A 50% stake in Jasco Ltd was acquired.

The report says mining and engineering studies of the possible exploitation of low-grade gold and uranium deposits in the Erfedel-Bankhead block, north of Free State Sasasplas, are "far advanced", and other Free State prospects are encouraging.

Boreholes are being sunk south and south-west of Vael Reefs with the aim of confirming reserves. Exploration near Klerksdorp yielded mixed results, and further drilling south of Western Areas yielded similar gold values to those obtained previously. But much more work is required to confirm the gold grades of a number of reefs at great depth.

Coal reserves improved in the year, increasing by 965-million tons to 7 700-million run-of-mine tons. Amoco's target of reserves of 8 000-million tons is expected to be met by the end of 1982.

Further encouraging results have been obtained from the copper, lead, zinc discovery in the Sperrgebiet in South West Africa and further drilling is planned this year.

Anglo increased its stake in Angold from 40% to 47%, in Amco from 46% to 48% and in Australian Anglo American from 37% to 41%. Namely result of the Charter-Mince re-structuring, the holding in Anglo American of Canada fell to 22% from 39% and in Min- oreco to 33% from 40%.

Apart from the acquisition of a 12.5% stake in Cons Gold, the most important additions to the investment portfolio were 7 million Ruspial, 1 300 000 Shang, Mining, 800 000 Angos, 1-
M & R fails in bid for Tollgate

Deputy Financial Editor
MURRAY & ROBERTS' attempt to take over the Cape bus operating conglomerate, Tollgate Holdings, has failed.

A terse joint statement released by the companies today says negotiations between the two companies "have not resulted in agreement being reached and have been terminated."

Both companies are tight lipped about the price negotiated, which of Tollgate's assets Murray and Roberts sought and the reason for the failure of negotiations.

But observers close to the companies speculate that the Cape riots were a decisive factor. Riots, they say, are all very well when they are just a contingency factor in a takeover plan. When they are actually raging in the streets, they take on a different hue.

Especially when the company under consideration is one as "political" in nature as a bus operator. Although Tollgate's buses are reportedly equipped with two-way radios and other anti-riot devices which have ensured minimal losses in the past.

Mr Denis Baker, managing director of M & R, says the riots were "a short term consideration but they did cause us to look at the deal more carefully."

He says M & R is still very much in the hunt for diversified acquisitions.

To bring its authorised and issued share capital more into line with the capital actually employed, Tollgate has announced a capitalisation issue.

The authorised share capital of the company is to be increased to R3,000,000, divided into 20,000,000 shares of R1 each and the issued share capital to R24,432,904, divided into 24,432,904 shares of R1 each by means of the issue of 35 shares free of consideration for every 100 shares held.

Tollgate shares will be restratified today and there is every prospect that after this reminder of the assets behind the shares, it will move up sharply from 83c pre-suspension to more near net asset value of roughly 325c.

After all, Tollgate watchers say there are other suitors in the wings.
Takeover talks collapse

BY GORDON KLEIN

NEGOTIATIONS have collapsed for a possible takeover of Tollgate Holdings, parent company of City Tramways, whose buses are being boycotted in the Peninsula.

Shareholders, however, are in for a big bonus. The Cape Town-based transport and insurance group and the giant Murray and Roberts Construction conglomerate disclosed negotiations on June 11 which could have led to M&R acquiring the total issued share capital of Tollgate.

In a joint announcement yesterday, the companies said that the negotiations had not reached agreement and they had been terminated.

Tollgate's listings on the Johannesburg and London Stock Exchanges suspended since May 22, are to be resumed from today.

Tollgate said in another announcement that it was increasing its authorised and issued share capital to about R5 million (from about R16 mn) by means of a capitalisation issue of 60 new shares for every 100 held by shareholders, registered on August 15.

The dividend of 20c a share was expected to be maintained on the increased share capital. This means that shareholders can expect a bonus of more than R240 for every 100 shares they hold if the price holds up at around the pre-suspension level of R4.

Executives of both groups last night declined further comment on the new developments.
Dick Kemp is new 'Mr Brick'

Owca Correspondent:
DURBAN — Dr Dick Kemp — Natal's "Mr Brick" — yesterday took over the chairmanship of the vast Toncoro brick group whose formation he had largely masterminded as managing director of Coronation Brick and Tile.

He has been managing director and deputy chairman of the merged group since its formation two years ago.

Mr Kemp (62), succeeds Mr Jack Robertson, who has retired from the chairmanship on reaching the age of 63 but stays on as a non-executive director.

Mr Robertson has been in the chair for eight years after six earlier years as a director of Coronation and in that eight years the company turnover grew from Rs 16m to Rs 117m and assets from Rs 39m to Rs 144m.

Mr Cedric Savage, who came to Toncoro from Tongaat Foods as joint managing director with Mr Kemp, takes over as sole managing director.
Capping the issue

There is still no word on the reasons for the final breakdown in the acquisition talks between Murray & Roberts and mass transport operator Tollgate, and company spokesmen will not even confirm speculation that the riots in the Cape Peninsula were a factor.

But Tollgate shareholders have been compensated for any apprehension caused by the talks — or the riots — by the 60-for-100 capitalization issue announced as the discussions closed. Indications are, at the same time, that the 20c total dividend paid for fiscal 1979 will be maintained on the increased capital.

The company, it seems, can easily accommodate the increase in total payout, as earnings in fiscal 1979 amounted to 91.6c. Though at the interim stage in the year just ended, earnings were only marginally higher at 45.1c (43.6c) even a small hike in earnings would still leave the higher dividend bill — equivalent to a rise from 20c to 32c a share — covered about 3 times.

Admittedly, the group is traditionally conservative in its dividend policy and has averaged well over four times cover for the past few years. The directors claim that this high level of retentions is necessitated by the rising costs of replacing its relatively expensive assets, so the cash is being fully utilised in the business. Nevertheless, cash and short-term deposits are still high and, in the 1979 period, rose from R15m to R22.3m.

Thus is, incidentally, the third cap issue by the group in the past decade, the others being 60-for-100 in 1973, and a similar increase in 1978. The rationale behind all three issues, according to the board, was to bring the issued share capital more into line with the capital actually being employed in the business.

If the previous year's 20c dividend is maintained on the increased number of shares in issue, the share at its current 425c yields an effective 7.3%. That is in line with the past.
HULETTS Aluminium Limited is to embark on a major expansion programme to their aluminium foil plant in Pietermaritzburg.

The company is to spend R7.5 million on new equipment which will increase production of aluminium foil by 60 percent in order to meet the anticipated market demand to the end of the decade, according to managing director, Lou Senkel.

Cost of the project will be met from existing resources. The work is expected to be completed by early 1982.

The expansion programme involves the installation of a new foil rolling mill which will complement the company's two existing foil mills. Work is expected to begin shortly.

The demand for foil products is increasing rapidly in South Africa as the food industry realises their potential for packaging of countless varieties of food products.

The aluminium foil market is growing at a rate faster than the economy. A new plant will place Huletts Aluminium in a good position to meet the increased demand.

Since then the company's history has been one of continual growth in both production and sales.

Huletts acquired a 60.8 percent interest in the company in 1974.

Huletts Aluminium annual sales now exceed R130 million, and its profit after tax last year was R5.3 million.
Anglo and
Lonrho
plan mine
7/7/80

Financial Editor

THE ANGLO American Corporation is poised to start a new QFS gold and uranium mine. Lonrho is also involved.

Top-secret discussions are going on between three major gold-mining companies and the two mining groups about the new mine (reported in the Rand Daily Mail, July 1) expected to be developed on two farms near Welkom.

To prevent speculation, applications were made over-the-weekend for the mining shares; Welkom, Western Holdings, FS Staplans and Balfron to be suspended from the stock exchanges in Johannesburg, London and Salisbury.

See page 10
Anglo poised for new mine

Financial Editor

ANGLO American is poised to go ahead with a new gold and uranium mine in the Free State. The decision was anticipated in last Tuesday's Business Mail by Adam Payne.

Over the weekend Anglo asked the London and Johannesburg stock exchanges to suspend the listings of Free State Saaplaan, Welkom and Western Holdings Lanroo is also involved in the plan through Duker Exploration.

A new mine now looks certain to be developed on the farm Erifield and Dankbaarhead, about 10 km east of Welkom.

It is argued by FS Saaplaan and Welkom. Western Holdings would be involved on the milling side.

• Anglo American Gold Corporation (Angolito) holds 40% of the Erifield-Dankbaarhead area and Duker 40%.

• A statement said "The complexity and far-reaching effects of the scheme, which involves discussions between three major gold-mining companies and two mining groups, are such that any breach of security could result in speculation in the shares of the companies most directly involved and have the effect of jeopardizing the scheme to the detriment of all shareholders."

"An announcement will be made as soon as possible in regard to the outcome."

"Well, however, be most surprising if a decision to go ahead with developing the mine is not taken."

There are rarely instances when developments reach this point without all the fundamentals being fully known.

"In this case, however, there are some complicating factors to be resolved between the various parties.

What is clear is the pace at which the new gold rush is going.

Business Mail reported last week that three famous old mines — Crown Mines, City Deep and CMR — have a chance of a new lease of life.

GFSA has been given a new lease formula for Doornfontein to boost development there.

Union Corporation has taken the decision to go ahead with the Beatrix mine in the Free State.

Anglo is linking a new shaft at President Brand.

In the biggest development of all, Anglo is to spend R715 million at Western Deep Levels for a new shaft and treatment plant.

GFSA is widely expected to announce soon construction of the new North Driefontein mine adorning East Driefontein and West Driefontein mines.

Randfontein, of Johannes, is spending R280 million to open Cocks No 3 section.

7/1/80
Barclays—Bowring planning to wed

By DAVID CARTE
Deputy Financial Editor

BARCLAYS INSURANCE Brokers and C T Bowring are negotiating a merger which, if successful, will see the Price Forbes Federale Volkskas as the biggest insurance broking company in South Africa.

The merger negotiations were confirmed yesterday by the managing director of Barclays National, Mr Bob Aldworth, after a fortnight of speculation in the industry that the country's second and third biggest insurance brokers were to get together.

In an oversupplied broking market that has not grown much in recent years, size has become increasingly important, especially with so much business "tied" to the big holding companies — Sunlam, Volkskas, Barclays and Anglo-American.

Industry sources say the merger makes excellent sense, since Anglo American is a big shareholder in both Barclays and C T Bowring.

Not only will a merger simplify Anglo's task in farming out its insurance business, Barclays, they say, can use C T Bowring's international connections and its depth of management.

C T Bowring, on the other hand, might find a connection with Barclays' banking clients, as well as its national spread, useful. There will certainly be immense rationalisation benefits.

According to Mr Aldworth, Bowring contributed "about R2-million" to Barclays' pre-tax profit of R98,633,000 in the 15 months to end December, while the Anglo American annual report shows that C T Bowring earned R1,309,000 after tax.

Both are believed to employ about 250 people each.

Price Forbes Federale is believed to employ about 1,000 and earn about R7-million pre-tax.

The total short-term insurance market is estimated at R750-million a year, of which brokers control R550-million.

One competitor says PFPV writes about R139-million to R150-million annually — just less than a third of the available market.

The combined Bowring operation is expected to take slightly less than that, so smaller brokers, already struggling in the wake of Government's mandatory commission cuts, could find the going even harder in months to come.

Further mergers seem likely.
LONDON.—Anglo American tried to buy Lonrho’s 80 per cent stake in Duiker Exploration for R82-million to keep Mr R W Rowland’s group out of the Erfdeel gold prospect in the Free State, according to Press reports here.

But Mr. Harry Oppenheimer, Anglo’s chairman, has failed in spite of a last-ditch offer, reports the London Evening Standard’s City editor, Neil Collins.

Both the Evening Standard and the Daily Mail, in reports which suggest leaks from Lonrho, say Erfdeel will produce 500,000 ounces of gold a year.

The Daily Mail says costs will be 300 to 350 dollars an ounce, Lonrho’s effective stake in Erfdeel is put at 25 percent.

FOUR YEARS
It will take up to four years and R507-million to bring Erfdeel to production.

Duiker’s share will be £12-million (R200-million), compared with its market value of £31-million (R56-million). Lonrho, will chip in £23-million (R380-million).

Duiker should have no trouble raising the cash but in three years’ time will have a lot of money to repay.

UNPOPULAR
The Evening Standard says: “The Lonrho chief (Mr. Rowland) is unpopular among many white South Africans because of his close links with black African politicians.”

“Although Lonrho has extensive interests in the Republic, the much-travelled Mr Rowland never goes there.”

The decision to suspend the shares (of Welkom, Western, Holding, Free State Saulaus), including the Duiker quote, seems to mark the end of Mr Oppenheimer’s efforts stretching over many months to persuade Mr Rowland to bow out of the Erfdeel project.

PROFITABLE
Lonrho’s mining experts are keen to stay with what they expect will be a very profitable project, eventually yielding around 500,000 ounces of gold and 500,000 kg of uranium oxide a year as well as other metals, including silver, nickel and zinc.

They also believe the Anglo group has been holding back on development to give themselves more time to persuade Lonrho to sell out.

“But Mr Oppenheimer has now been forced to go ahead with the scheme, because of the continuing buoyancy of the ‘price’ of gold.”
TRUCK INDUSTRY

A spoke in the wheel

The Department of Industries could have a real battle on its hands as truck manufacturers set out to mobilise public support to stop a government-sanctioned monopoly for the manufacture of truck axles and gearboxes (powertrains). Study groups in five different truck companies are preparing estimates of how this monopoly and the IDC-backed Atlantis Diesel Engines (ADE) monopoly will affect truck costs. From this they will calculate the effect of the resulting higher truck prices on building costs and the costs of staple foods such as bread and milk.

The figures may be released to the press within a few weeks—before the industry again meets Industries and Commerce Minister Schalk van der Merwe to argue against his proposed scheme.

If these rough estimates are correct, the purchase of heavy trucks will cost the country an extra R250m a year—a market of 18 000 units costing an average of R250 000 each.

Tempers are running high as interested parties trade accusations and criticisms. Bill Crill, MD of Eaton International, which is in danger of being pushed out of the SA powertrain market by the Gemmin scheme, says that Gemmin's R800m investment is "an overcapitalisation" and an Eaton spokesman says his company has just put up a new plant in the UK for only R33m, and it has more than double the capacity of the Gemmin plant.

"I wish to God we had our own factories," reports Gemmin's George Clark who clearly takes this claim with a pinch of salt. He adds that Gemmin will be making a wide range of powertrains, unlike many specialised factories abroad and hints that a superior quality product demands greater capital investment.

Gemmin is also sceptical of Crill's claims that he will "go into local operations next week with a full range of gearboxes and axles."

One staffer, who has inside information, says: "Before he can start he has to get approval from the Reserve Bank, the Department of Planning and Industries, and he has to get import permits. I cannot see this happening as government has already told us that we will be manufacturing on a large scale.

Market shares presently held by the ZF gearboxes to be made by Gemmin and Eaton's Fuller gearboxes are also in dispute. Crill claims a 42% share while Gemmin puts Eaton's Fuller at a lower figure at a third of this.

Truck manufacturers still insist that establishing local monopolies is not the best way to develop a self-sufficient SA truck industry. Toyota's marketing director Bert Wessels says that manufacturers should be allowed to choose whatever components they consider best for their vehicles—and that the local capability in powertrain manufacture be supported by a subsidy of R20m a year, to be raised by imposing a levy of R1 111 on each heavy truck sold. This would be cheaper to the industry than government's proposed scheme which places a premium of R5 000 on each vehicle, and it would maintain the benefits of free competition.

Gemmin officials are not impressed with the idea. Says one: "A subsidy is a no-go, because it will encourage too many models. We are the laughing stock of the world because we manufacture so many different models in such a small market. What we need is standardisation."

So far truck men have gained one small concession from Gemmin. It has agreed not to produce axles for vehicles of less than 12.5 T. This means that although at least 15 000 trucks a year will have its wheelboxes, only about 5 000 will have its axles.

But this situation cannot last as Gemmin must be itching to produce at full capacity. Says an official: "Even if we produce to full capacity, this investment is not as attractive as an investment in gold."

Financial Mail July 11 1980

6 Pages must not be extracted from this book.

6. Geen bladsye mag uit hierdie ekamenskrif word gekkeur word nie.
Rothmans drag on Remgro

By DAVID CARTE
Deputy Financial Editor

NOTWITHSTANDING the recent strength of sterling and the rand, Rembrandt Group pushed up taxed attributable profit 27% to R118 670 000 in the year to March.

Earnings a share were 26c better at 227.3c compared to 170c in 1979, while the dividend was raised only; 18% to a seven-times-covered 30c.

More than likely reflecting the fall in earnings of Rothmans International as a result of sterling's strength, the contribution of associate companies fell from R4 795 000 to R4 688 000. With Rothmans reportedly 20% down, it can only have been fine performances by other associates, including Fedmyn, GenCorp, FVB, Volkskas, Cape Wine and Gilbeys that prevented a worse decline in the associate contribution.

Profits excluding the associates were well ahead of those including associates. Excluding associates, earnings were 97c better at 169.4c (65.1c).

Another interesting item in the income statement is a R2 188 000 profit of subsidiaries sold during the year. This item last year reflected a R5 388 000 loss.

No explanation is given for the R8 500 000 turnaround, but market sources suggested the item might be connected with the Oudomester-Cape Wine deal.

IL Back, the clothing manufacturer in the Rembrandt Group, achieved its third monumental loss in Rembrandt's hands, declaring a R5 780 000 attributable loss in the year to end March. This brings Back's losses in Rembrandt's hands to more than R8-million.

On the latest dividend at 50c, Remgro yields a meagre 4%. But with this sort of cover, the dividend is as safe as a house. And with sterling expected to weaken in the year ahead and South African profits bound to rise, earnings - rather a nominal concept with Remgro - should grow fairly strongly.

Rembrandt: Controlling, Tegor and TIB, all derive their income from Remgro and all also yield 4%, so there is no cheap way in.
MITCHELL Cotts has acquired the total share capital of Lockload Safety Products (Pty) for R500,000 cash. Lockload is a Vereeniging-based company specialising in the design, manufacture and distribution of safety products — Sapa.
R400m mine to rival Vaal Reefs

By HOWARD PATEE

The proposed Anglo American/Lomdo gold and uranium mine in the Free State will greatly become a reality if part of an enlarged Western Holdings operation, which will mean a substantial rival to Vaal Reefs as the largest in the world.

It is expected to cost around R400 million to bring the new mine — in the Erfdeel/Dankbaarheid area in the Free State — into production, probably in 1981.

A statement last night said the mine would have an eventual production of 200 000 tons a month and that it had a low-grade gold and uranium deposit of 20 million recoverable tons of ore at a recoverable gold grade of 4.5 g/t.

It said "consideration will be given to treating the plant residues containing 0.2 kg of uranium per ton at a later stage."

A company is to be formed to finance the cost of Erfdeel/Dankbaarheid.

This company and Western Holdings will share gross revenue and gross working expenditure for Erfdeel on a 85%/15% basis.

Shares in the new company will be held 44.5% by Anglo American and associates, 30% by Duiker (of Lomdo), 10% by Western Holdings and 9.5% by Amgold.

Wolkom and SS Sasplas are involved in the development and what is intended is that Wolkom will absorb SS Sasplas.

For its part, Wolkom will supply iron ore to the project rather than Zenpyan to Harmony or Lomdo to Western Areas.

There will be three in the new company: Western Holdings, Wolkom and Duiker in the new mine.

What may surprise some observers is the extent of Lomdo's participation through Duiker.

From its 38% stake in the new company, Duiker will have a claim to 39% — 85% of 38% — of the profits of the super-mine.

Duiker has 40% of the Erfdeel/Lomdo right and will, of course, have to chip in its full share of the development costs, but is obviously confident (and why not?) of financing that.

Anglo said "It is announced that in principle an agreement has been reached regarding proposals for the development of a mine of 250 000 tons a month in the Erfdeel/Dankbaarheid area as part of a larger complex that will result from the merger-rationalisation of operations in the areas currently being mined by FSS, Wolkom and Western Holdings for the formation of the mineral right holders of the Erfdeel/Dankbaarheid area of a new company to finance the cost of turning this area into a single group.

"The operating lives of Wolkom and Western Holdings, while depending in large part on the gold price, are nevertheless relatively limited and studies have shown that benefits would arise from an amalgamation of their mining leases which have a common boundary.""

Although the statement makes no mention of tax, there are major advantages to putting all the developments into a single group.

There are also, of course, normal rationalisation benefits.

The statement said "This would result in greater flexibility in mining operations, particularly along the joint boundary, and would enable the most economical use to be made of their combined hoisting and treatment facilities.

"The mineral rights of the Erfdeel/Dankbaarheid area are jointly held by African & European Investment (a subsidiary of Anglo American), Orange Free State Investment Trust (a subsidiary of Amgold) and Duiker Exploration."

This area is regarded as a low-grade area incapable of supporting an independent mine at foreseeable gold prices.

Hence the complex schemes involving the various interested groups to get the super-mine.

The shares of Duiker, FSS, Wolkom and Western Holdings will be released on Monday.

The fact that such a large low-grade development is going ahead shows, like Union Corporation's Beatrice development, how much must the mining houses have in the gold price for at least how far the price has soared to give huge safety margins.
Gencor back with Fedmyn

GENERAL Mining Union Corporation has again become a subsidiary of Federale Mynbou, an investment company listed on the Johannesburg Stock Exchange, in a R53-million series of deals.

Until March, Fedmyn owned 63.38% of General Mining. Then, when Gencor issued new shares to buy out the minority shareholders in its Union Corporation subsidiary, that stake fell to 44.38%.

However, associates of Mynbou held a further 5.92% of General Mining Union Corporation.

Most of these shares have now been bought by Mynbou, raising its direct holding in Gencor to 60.05%.

In exchange for R23,600,000 of its non-Gencor investment portfolio, Mynbou has acquired 3.80% of Gencor — equivalent to an average cost of 1.75c a Gencor share. A further 3.18% has been bought for R23,600,000 in cash at a cost of 1.025c a Gencor share.

These deals restored Mynbou’s control over Gencor, but left it with a R23,600,000 cash shortfall.

Thus it is to be funded through the placing with Nedbank of R23-million of special cumulative redeemable preference shares.

These shares, which are to be redeemed no later than June 1997, will not be listed on any stock exchange. They have a fluctuating coupon that starts at a floor level of 6.5% and has a ceiling of 12%.

Announcing the placing Mynbou said “The special preference shares will not have any significant effect on the expected future dividends of existing holders.”

In addition, the directors expect that Mynbou will have adequate funds to redeem the special preference shares out of profits on or before the fixed redemption date.”
DUKER Exploration, a subsidiary of Lonrho, which is involved in the launching of the Erfdeel/Dankbaarheid gold mine in the Free State, has decided to go ahead with the establishment of facilities for the commercial production of anthracite at Mahangapata prospect in the Piet Retief district.

The Pret Retief Colliery, which will have an annual capacity of 600 000 tons, is scheduled to start production of anthracite in 1985.

Capital spending is estimated at R12-million after making provision for inflation.

The company has authorised capital spending totalling R6 672 000.

Duiker's steam coal sales increased in the June quarter. Anthracite sales were unchanged.

Mining income rose to R4 302 000 (R2 896 000) and after-tax profit to R2 170 000 (R1 354 000).

Earnings a share were 19.4c (12.1c).
MITCHELL Cotts has bought the total share capital of Lockload Safety Products for £3,500,000.

Lockload is a Versemung-based company specialising in the design, manufacture and distribution of industrial safety products, and its products will complement items already being distributed by Mitchell Cotts Industrial Supplies.

Lockload will be merged with Cotts' Industrial Supplies, and will operate as a separate division.
South Roodepoort spells out new mine

By ADAM PAYNE
SOUTH ROODEPOORT mine, whose shares have fluctuated strongly on the Johannesburg Stock Exchange, has announced its plans for opening its proposed mine north of the Saxon fault.

At the same time, I am told that Johannes, which has rights to the lower Kimberley and deeper reefs south of the Saxon fault at South Roodepoort, is carrying out surface drilling to determine values for a feasibility study into opening a big mine south of the fault.

If a mine is established, a shaft will be sunk and a reduction works will be built at heavy cost because the reefs are deep.

Rights to these reefs are held about 17% by Randfontein, about 70% by Johannes and 10% by other parties, with South Roodepoort company entitled to participate to the extent of 3%.

As to the smaller mine north of the Saxon fault, South Roodepoort says over the past year about R1 500 000 has been spent on refurbishing plant and machinery and on the development of the Gauff Shaft and nearby areas. These latter areas constitute the proposed mine.

This spending has been funded from the company’s resources.

In the following six months an estimated R1 000 000 will be spent on further development work in the new mine area.

It is expected that funds for this work will be generated from the company’s resources.

On the west side of the Gauff Shaft drilling indicates a grade of 4g/t. About 60m of development is needed to reach the position of the first reef intersection.

On the east side of the Gauff Shaft reef has been intersected with good results.

Production in the Gauff Shaft area will start in September. Saxon Shaft will be started by the end of July and production should start by the end of the year.

South Roodepoort has issued a disappointing June quarterly report showing a loss of R2 600 compared with a profit of R2 880 000 in March.

Worthing revenue declined to R174 000 (R 2 612 000) and costs were up at R2 017 000 (R1 780 000).

Although tonnage milled was higher, yield was down at 170g/t (21g/t). Gold production was down and unit costs were lower at R23.5 (R25.69).

The year’s figures to June 30 were more encouraging, reporting net profit at R50 000 and development and capital spending at R1 516 000.
ERFDEEL/DANKBAARHEID

Tax returns

When I was a boy, there was a theory that a silk purse could not be made from a sow’s ear. Now, with a bit of tax saving alchemy, that is what Anglo and its associates plan to do with Erfdeel/Dankbaarheid (ED)

Basically, with 82 Mt of ore from which about 4,5g/t of gold and 0,2g/t of uranium could be recovered, establishing a new mine on the property is uneconomic (or at least unattractive from the viewpoint of return on capital) if independent operations are set up and tax savings on capex are only available once profits are being earned

Though the deal whereby ED is to be mined in conjunction with Free State Saai while Western Holdings becomes the holding company of Welkom’s and Free State Saai’s assets is complicated, the underlying objective is establishment of a corporate entity to exploit tax offsets at the same time as expenditure is incurred at ED

Logistics of the deal are that ED’s mining lease will be ceded to Free State Saai so that the two areas can be worked as one. Then, in parallel agreements, Welkom and Free State Saai are to cede their mining assets to Western Holdings in exchange for 3,165m and 3,655m Western Holdings shares respectively. To round things off, it is planned that Welkom will make a 50-for-100 bid for Free State Saai’s shares

The upshot is that Free State Saai will once again lose its JSE listing (and just ahead of a possible start to dividends), Western Holdings will own all the mineral rights and mining assets in the area, and Welkom will become a holding company with an effective 47,7% stake in the enlarged Western Holdings as its sole asset (see chart)

Then we come to the actual exploitation of ED. The present mineral rights holders (effectively Anglo with 60% and Duker with 40%) have agreed to establish a yet-to-be-named company which will be entitled to 60% of gross profit from the area’s exploitation. Western Holdings gets the remaining 15%

In addition, Western Holdings is to be offered a 10% participation in the new company leaving the remaining 90% split 44,5% Anglo, 36% Duker and 9,5% Angold. Effectively, then, Western Holdings ends up with a 23,5% interest in ED at the pre-tax level

The plan is to exploit ED’s ore at a monthly rate of 200 000 t starting in six years’ time. Initially the area will be worked only for gold — a decision on uranium production has yet to be taken

Anglo has yet to quantify the benefits expected to accrue from this complex of asset shuffling. But it is clear that as Western Holdings will hold all the mining leases, it can immediately offset the whole of ED’s capex against its own profits. The question arising from that is how the after-tax capital cost is funded and by whom

Then there is a further tax advantage if ED’s eventual revenue and profit are included with those from the combined Western Holdings and Welkom operation. If they are, the method of calculating gold mining tax implies a lower overall tax rate, and, again, possible considerable tax savings. Precisely what they are likely to be needs to be detailed before shareholders can decide on the deal’s merits

There is also the matter of dividends to be paid by the enlarged Western Holdings. The mine’s present shareholders are well aware that remaining life will be relatively short and merry — maybe a further six years of high dividends

They are now being asked to agree to their company’s conversion to a long-life but lower profit operation. And that is apart from any immediate earnings dilution with a virtual doubling of Western Holdings’ share capital

As I understand it, Anglo has yet to decide whether a new plant is to be established at ED or whether capacity will be made available at the existing Western Holdings and Welkom plants. A decision on that is needed soon, particu-
FEDMYN

Tightening up

Given the Federale group's philosophy as regards the definition of "control," it is hardly surprising that Fedmyn has moved quickly to restore its shareholding in Gencor to above 50%.

Whereas another group, such as Anglo, might have been prepared to accept a smaller stake as being effective control (provided, of course, it was the biggest single holding), Federale tends to prefer the more formal 50%-plus-one-share approach. The dilution of its interest in Gencor from 63.4% to 44.4% with the year's take-out of the Union Corp minorities was, therefore, unacceptable even with an additional indirect holding, through associates, of almost 8%.

However, with the purchase of a further 4.5m Gencor shares, at a total cost of over R82m, the direct holding has been restored to 50.05%, thereby re-establishing the line of control between Gencor and the Sanlam/Rembrandt interests which together own 71% of Fedmyn.

Roughly R57m of the purchase consideration was satisfied by the exchange of other Fedmyn assets, which allied the company more closely than ever to Gencor. The remaining non-Gencor assets are of little consequence. The cash portion of R55m came partly from the recent R160m rights issue, while the balance is being raised through a R22.6m private placing of redeemable prefs.

The whole deal will have little effect on the ordinary shares as the additional dividends from Gencor should come close to balancing the pref dividend plus the loss of income from assets relinquished.

(Brian Thompson)
CAPE WINE

On target

Cape Wine & Distillers (CWD), product of the merger of the wine and spirits interests previously held by SAB, Remgro and KWW, has achieved its forecast for the six months to end-March. The Rembrandt-managed company is further predicting that current demand for the company's products could leave earnings for the financial year to end-March 1981 higher than the R23.1m predicted in the company's prospectus. And despite the 90% shareholding by SAB, Rembrandt and KWW there has been lively interest in the remaining 10% available to the public.

Turnover figures for the six months remain undisclosed and the market share held by the company is also unavailable. But CWD's recent acquisition of the Haug agency has increased its dominance in the whisky sector, a position it already holds in the markets for other spirits and wines.

Pre-tax profits for the first six months to end-March (the first reporting period since CWD's establishment) were R27.1m, reduced to R20.7m by a R6.4m Lifo adjustment. Due to capex allowances, the tax rate was 36% and resulted in earnings of R13.2m, marginally above the R13m prospectus forecast. And in line with stated policy of paying out 50% of earnings, a dividend of R6.6m was declared, equivalent to 5.2c per share on 123m shares. Since March 31, however, the number of shares in issue has been increased to 140m following the issue to outside investors.

The shares, which were offered to the public at 15c, came onto the JSE on April 30 at 12c. Despite a 3.5m turnover during May and June, representing 25% of available shares, the price has moved up only 5c to 14c where it looks well-pitched until further performance data. The new issue has been very well received, and although management is not specific about the degree to which this year's earnings will exceed the R23.1m forecast, the current consumer spending trend should continue to rise steadily. At this stage it may be safest to assume that 0.2% will be paid, putting the share on a prospective yield of 5.4% compared to the 4.7% sector average.

Financial Mail July 18 1980
Korsten wants diamond stake

By HAROLD FRIDJHON

CONTROL of Trans Hex Belligerents, a Cape-based company with considerable diamond interests, as well as investments in the motor trade, financial services and engineering, will shift to Mr Laurie Korsten if shareholders of Nashor Mynbou and Seeland Mynbou agree to two inter-related schemes of arrangement.

Mr Korsten, who is managing director of Volkmar Merchant Bank, controls his private company, Corporate Credit Services (Pty) - a financial company. CCS is making offers to the shareholders of Nashor and Seeland either to buy out their shareholding for cash or to buy out their holdings for cash plus Trans Hex shares with a view to getting control of Trans Hex Nashor owns 30.3% of Trans Hex and Seeland 20.7% of Transhrex.

From the Trans Hex accounts for the year to February 1980, the company appears to be a desirable property. Taxed group profits amounted to R2 108 000 (R2 681 460), equivalent to 53c a share. It has a seven-year history of growth. The net asset value a share is 25c.

Most of the company's profits are derived from its diamond interests as well as from earthmoving operations. Profits from other sources account for only 14% of income.

Mr Korsten plans to rationalise Trans Hex's operations and in about 18 months, if the time is opportune, to apply to the JSE for a listing. Obviously he would prefer it to be an all-diamond company.

Such a move would appeal to the shareholders of Nashor and Seeland who have been locked into their companies for the past 15 years or more. Most of them have indicated that they would prefer to take cash plus Trans Hex shares, and they have also indicated that they would like more Trans Hex shares if these become available.

CCS is also making an offer to the 30 Trans Hex shareholders. If they sell, Mr Korsten will be in a position to provide more shares for the Nashor and Seeland shareholders.

Mr Korsten told me that he would be happy to hold only 51% of Trans Hex, not the 65% which would accrue to CCS after the scheme of arrangement was approved.

His bid to the Nashor and Seeland shareholders is about R5-million.
Butchers are scared of the 'Meat Mafia'

By Maud Metanyane
and Diann Shebesham

Butchers fear that a meat industry monopoly is likely to wipe out the small businessman.

In a survey of more than 50 independent and chain butcheries last week, Fair Deal reporters were told of the battle butchers are having against rapidly rising meat prices and increasing consumer resistance.

AFRAID

The butchers made claims of corruption in the distribution and marketing of meat and of prices being manipulated by large groups who have an interest in the farming, marketing and wholesaling of meat. Many butchers were afraid of having their names printed for fear of having their meat supplies cut off by the wholesalers.

One said wholesalers were all-powerful in the meat industry and their prices to the retailer fluctuated from week to week, even from day to day.

He was charged a higher price at 5:30 on a Monday morning than at closing time on the previous Saturday. As abattoirs are not open on weekends he concluded that wholesalers set their prices at will.

A butcher, who referred to the large meat companies as the "fat cats," told Fair Deal that the meat industry had a lot of faults "but I won't dare talk openly because those guys can squeeze me right out of business.

"They are like the Mafia — it would take them no time to wipe you out if they thought you were a troublemaker."

Many other butchers claimed they were not making any profits and were just managing to cover costs.

NO PROFIT

They reacted strongly to a statement by Mr. L. Seiber, the chairman of the SA Federation of Meat Traders, that butchers should not subsidise the consumer but put up their prices to make a profit.

TOO MANY

"We are not subsidising the consumer but are subsidising the middle-man who is making a large profit," a butcher said.

Butchers also claimed that there were too many people "who were eating from one carcass."

They claimed that too many people handled meat before it got to the consumer, all of them taking their share.

It started with the farmer, who had to sell meat to the auctioneer, who had to place it in the abattoir, then went to the wholesaler, the retailer and finally to the consumer. By this time everyone had taken some commission and the consumer had to pay.

Butchers suggested that every major town should have its own abattoir to eliminate unnecessary middle men. 

Housewives were also to blame for unrealistic prices and butchers put this down to "consumer ignorance."

They were uneducated about being economical in buying and cooking meat, the butchers said.
Anglo taking a look at Simmer's mine

BY ELIZABETH ROUSE

AN ANGLO American prospecting company will be looking at Simmer & Jack Mines' Germiston property, according to an announcement by Simmer.

This confirms speculation dating back to the beginning of the year that Anglo was interested in the possibility of exploiting Simmer's Kimberley reefs and surface dumps.

At this stage, the agreement reached between Simmer and Anglo American Prospecting Services (AAPS) involves money a gold prospecting and exploration programme in property belonging to Simmer and its sub-secmen. Simmer Extensions.

Depending on what AAPS discovers in investigations in the Kimberley reefs, where a limited amount of diamond drilling was last carried out by Union Corporation in 1974 (when the gold price was around $197), further steps will be studying the feasibility of a treatment plant and, finally, assessing the possibility of a new mine.

An Anglo spokesman stressed the investigatory aspect of its agreement with Simmer yesterday, while Simmer chairman Mr Peter Gann said "No comment."

The only concrete news so far is that an AAPS team has done a first intersection of the Kimberley Reef and that "results were not promising."

According to the Simmer announcement, the project — to exploit the underlying and surface material of Simmer's mining lease claims at the Kimberley reefs for their gold content — also includes a feasibility study for building of a plant to treat 150,000 tons of combined material a month.

If it is decided to proceed with the Kimberley reefs and surface material exploration, AAPS or its nominees will later carry out an additional prospecting and exploration programme in Simmer's and its subsidiary's lease areas in Main Reef, Main Reef Leader and other reefs.

According to a mining analyst, Simmer's dump reserves were reported to amount to 80-million tons including waste material and mostly low-value slimes grading up to 1 g/t.

As to possible underground operations, Unicorp's drilling indicated 11-million tons of Kimberley reefs ore in the dry-pumped area above 1,200m from surface and another 10-million tons of ore in other reefs in flooded areas, down to 2,400m.

Should a new mine be established, the Anglo American group will finance the capital costs of the new mine. Simmer & Jack will receive income in the form of royalty.

Royalties are payable only after Anglo has recouped the capital cost of a new mine.

Excited Simmers shareholders should hold their horses until AAPS reports to Simmer by August 31 whether it intends to establish a new mine. Simmer will make a statement immediately afterwards.
Senchem to spend another R35m

By DAVID CARTE

Deputy Financial Editor

SENTRACHEM, South Africa’s second biggest chemical group, yesterday announced plans to spend another R35-million on expansion and development, bringing its firmly planned capital expenditure to more than R500-million.

In announcing the R35-million expenditure, Sir Dave Marlow, managing director of Sentrachem, said that if the group decided to go ahead with an ammonia plant, its capital spending could rise further by “hundreds of millions”.

These figures exclude Sentrachem’s involvement in General Mining’s prospective Springsbrook Flats oil-from-coal plant and any possible spending on ethanol plants.

The eight projects on which the R35-million is to be spent include:

- A R12-million granulation plant for nitrogen-phosphates-potash mixtures at Fedmiks’ Sasolburg factories. This will increase capacity 30% and be completed by January 1982.
- Doubling of Karirochem’s xanthate capacity for R6-million. Xanthates are used in the recovery of base metals and scarce in short supply worldwide.
- A R6-million, 50% expansion of capacity at Aquachlor’s ELIH swimming-pool chemical plant.
- A R4-million second production train for KOP’s chlorinated paraffin plant.
- A R3-million energy-saving evaporator at NCP’s Umgeni plant in Durban.
- Doubling of Karirochem’s disulfide plant capacity at a cost of R3-million.
- A new reactor at the Synthetic Latex Company at Sasolburg, which will increase capacity 50%.
- Expansion of capacity of Orchem’s MBT plant costing R1-million.

Most of these expansion plans were designed to replace imports, said Sir Marlow. Some would actually convert net import into net export situations.

Most of Sentrachem’s new technology was based on coal and as the coal-based chemical industry developed, more raw materials were needed and became available. This should ensure growth in the chemical industry for some time to come, he said.

Mr Marlow gave no details on how these projects were to be financed. He said the group’s financial plan “easily covers the funding of the new projects and substantial facilities are available for those projects which will not be financed from internal cash generation.”

Rights issues would not be needed.

Sentrachem was still investigating the economics of ethanol for fuel production and that although the Government’s subsidy for ethanol as a petrol additive on its own was not an adequate incentive, some of the associated products, including single cell protein, has sustained the company’s enthusiasm for the project.

He would not comment on General Mining’s oil-from-coal plans.

- Mr Marlow said a methanol unit might be built as part of Fedmiks’ ammonia project, when and if this was launched.
- Mr Marlow did not think the current steep drop in prices in the United States affected the viability of Sentrachem’s R16-million rubber-from-coal project.
- Higher prices were dropping because of the US recession, which was devastating the vehicle industry, because of the switch to smaller vehicles and the switch to radials – things that were not applicable to or had happened in South Africa.
MALBAK shareholders were told at the annual meeting yesterday that results for the quarter to the end of June were in line with budget and significantly up on the same period of last year.

The annual report published last month forecast that the year to March 1981 would be one of "above average growth" -- the average being the 17.2% rate at which earnings a share have grown since 1969.

There has been a continuation of the strong improvement in the farm machinery division, which moved its contribution to group earnings up from 2% in 1979 to 13%.

Motor retailing, which last year dipped to 6% of group earnings, is performing well, as is process control instrumentation which last year made its first full 12-month contribution. Malbak is paying R600 000 in cash for 100% of B & K Pumps. The acquisition is not expected to have a material effect on either net asset value or earnings a share.

In the year to March, Malbak earned R5 300 000 -- 50.4 cents a share -- on sales of R129 million and paid dividends of 10c a share.

The report for the six months to September will be issued at the end of October, and that for the nine months to December (which will be published in February) will include the interim dividend declaration.
ANCO AMERICAN

Ready for reorganisation

Activity: Mining finance house with major interests in gold, coal and industrial companies (as well as important insurance finance and industrial interests). Directly managed investments total R3.5 billion, the total value of interests including associates and insurance company is about R6.7 billion.

Chairman: H. F. Oppenheimer.

Capital structure: 224m ordinaries of 678-90.66% cum pref. of R1.40m and 22m pref. of 2.50. Market cap. R2.92bn.

Balance Sheet: Year to March 31 1975.

Shareholders' funds: long and medium term, R2.86bn; net cash, R583.3m.

Equity ratio: 21.2%. Current value of Group cash flow. R233.6m.


Shareholders' ratio: 8.6.

HARRY OPPENHEIMER AND FRIEND... golden smiles all round

this year from gold could easily hit the R100m mark.

Despite its failure to reach originally targeted gold production levels, Ergo alone should at least double its contribution, while bullion's advance points to an earlier than expected start to dividends from major non-dividend payer Cullinan.

Interestingly, the group's stake in Ergo was reduced by 600,000 shares to 14.6m shares at-end March. Of these, 100,000 shares were sold from Anglo's own direct holding bringing the corporation's stake down to 7.4m shares.

On other fronts the picture may not be quite as rosy, but there appear to be few investments which will not either equal or better their contributions this year.

Last year, diamonds weighed in with 9% of investment income - equivalent to about R5m and compared with about R6m in the preceding fifteen-month period when three dividend payments equivalent to 75c per share were received from De Beers. This year, diamond sales patterns indicate a return to normalcy. But that has resulted in disappointing first-half CSO sales figures. If this persists into the second half, De Beers may pay more than 75c this year, worth R76.5m in Anglo's hands.

The relatively low-grade Middestelle manganese mine is on stream, though at a time when manganese ore prices are under pressure worldwide.

Investors in SA and overseas who feel that a major reorganisation of the greater Anglo group is in the cards this year, it may be reading too much on the lines to note that the group's control structure which provided since 1976 has been greatly simplified by developments in Europe where the company has consolidated its position with much of the dead weight or still being chopped out. But this year will be a major improvement in income generation, much at the cost of a lesser extent, of the past three years. This year, despite some reduction in gold production, Anglo's earnings are expected to continue to rise, with a dividend of R1.50m. The group's earnings this year from gold could easily hit the R100m mark.

Despite its failure to reach originally targeted gold production levels, Ergo alone should at least double its contribution, while bullion's advance points to an earlier than expected start to dividends from major non-dividend payer Cullinan.

Interestingly, the group's stake in Ergo was reduced by 600,000 shares to 14.6m shares at-end March. Of these, 100,000 shares were sold from Anglo's own direct holding bringing the corporation's stake down to 7.4m shares.

On other fronts the picture may not be quite as rosy, but there appear to be few investments which will not either equal or better their contributions this year.

Last year, diamonds weighed in with 9% of investment income - equivalent to about R5m and compared with about R6m in the preceding fifteen-month period when three dividend payments equivalent to 75c per share were received from De Beers. This year, diamond sales patterns indicate a return to normalcy. But that has resulted in disappointing first-half CSO sales figures. If this persists into the second half, De Beers may pay more than 75c this year, worth R76.5m in Anglo's hands.

The relatively low-grade Middestelle manganese mine is on stream, though at the time when manganese ore prices are under pressure worldwide.

Top of the list at this stage is the OFS Heavy weather has been made off removing the potential of mineral rights near Union Corp's developing Benta mill.

Drilling activity has been stepped up...
development may call for higher than normal amounts of equity funding. If so, Anglo's ability to go along with its partners in the venture could well only follow group re-organisation which will permit a transfer of funds from SA.

Outside mining, the only major investment which may face a downturn this year is Sigma, with indicators pointing to lower volume motor vehicle sales nationwide. On the other hand, despite the recent controlled steel price hike, domestic volume steel sales are not expected to decline, pointing to a further earnings improvements at Highveld and Scaw.

For the foreseeable future, the group should have little difficulty funding new developments. Though group loans rose to R600.4m (R595.7m) in the top company, the balance sheet and cash flow are sufficiently strong to permit relatively heavy further borrowings if necessary. At the same time, the top company's increase in cash holdings to R518m (R298.5m) could indicate major restructuring and development plans.

Whatever the group is planning, there should be no restraint on dividend growth this year, with a total payout of 8c the likely minimum at 80c, which discounts year-end net worth by 49%, the share yields a minimum prospective 6.3%. Unless investors foresee a major crack in the gold price, there is probably little reason to defer purchases.

In Swa/Namibia, exploration in progress for uranium near Swakopmund in conjunction with Aquitaine, Total, Pelchinay and Union Corp is now at a stage of being targeted to delineate viable reserve tonnages.

Closer to exploitation may be the Goldrige project to the south of Western Areas. No details are given beyond the statements that further investigation is warranted of the upper Elsburg reefs. They grade around 7g/t on the Western Areas.

In Southern Africa, exploration for other minerals appears to be meeting success only on the coal front. Coal reserves controlled by the group now total 6.600 Mt, with no change in the eventual 9.000 Mt target. Meanwhile, the Sperrgebiet copper/zinc prospect in SWA/Namibia has been put on the back burner along with Gamsberg.

Elsewhere, the Fiji porphyry (large, low-grade) copper project is nearing the feasibility study stage. The Fiji ore bodies are relatively low grade so their...
UCI pointer to a higher final

By ADAM PAYNE

The forecast by Mr Ted Pavitt, chairman of UCI, in February that the company’s overall profit in 1979 should eclipse the record figure of 1978 by a substantial margin is being handsomely fulfilled — judging by the interim results to June 30.

Profit after tax for the six months was considerably more than the after-tax profit for the whole of 1978.

It totalled R16,656,000 compared with R16,616,000 for 1978.

Of this increased profit, R1,307,000 can be ascribed to a non-recurring change in accounting policy.

The provision for tax was considerably lower at R376,000 compared with R561,000 in the same time last year because share-dealing profits were only a little more than half those in the first six months of 1979.

UCI judged the market well in divesting against sales of shares on any scale.

The key to the good results was income from investments at R16,469,000 compared with R14,679,000 for the whole of 1978.

The company’s main investments are in Winkelsbaak and Kinross mines in the Evander goldfield, and in Impala Platinum Holdings.

At the end of 1979 the holding in Kinross Mines was 16.5% of the total investment value.

Winkelsbaak was 27.7%, and Impala Platinum Holdings 15.1%.

The investment spread showed 6.3% in gold and 50.6% in mining finance.

Income from investments in the first half this year grew with higher dividends from the Evander mines and Impala.

The gold-mining dividends were declared in March when the average gold price was lower than it should be in the second half of the year, judging by present indications.

With higher gold dividends in the second half of the year, a further improvement in earnings should be achieved and a rise in the UCI dividend above the 45c interim can be expected, especially as there is a tendency for companies to pay more in finals than in interims.

The surplus investment value of investments over book value was R312,591,000 at June 30, to which the addition of total net assets brought the net worth of the company to R371,189,000.

This is equal to 1,906 a share compared with yesterday’s share price of 1,600c.

The company has a participation of 25% in 1,500,000 in Reesa, the developing uranium-gold producer south of the Free State Goldfields.

A further R12 million will be needed to follow up this interest this year and next year.

UCI will presumably obtain a participation in Beatrix Mines, the low-grade high-cost gold mine in the same area.

The interim dividend declared is 45c from earnings of R19.5c, giving cover of 1.9.

The participation in Reesa, and probably Beatrix, should not be a drag in future when the final dividend is considered because each could be increased or realised on some of the non-strategic investments.

Last year the final dividend was 43c compared with an interim of 17c.

If the gold price stays in its present area for the next two months, the income from increased dividends declared in the September quarter could provide a useful lift in funds available for the final dividend.

This could be at least 70c, making a total of 1,190c to provide a yield of 7.1% on yesterday’s share price of 1,600c, which is well above the average for the mining holdings section of 5%.

This is a sound and attractive investment with a bias toward gold and platinum and a good spread through Union Corporation companies and solid industrial interests.
Mystery buyer in sugar farms bid

Own Correspondent

A big "mystery buyer" has been taking up hard-
cash options on sugar farms in the Umfolozi, Hluhluwe and Mtubatuba areas — leading to speculation on a new bid for control of Umfolozi Cooperative Sugar Planters.

Hulett's Corporation made an unsuccessful bid for the Umfolozi Cooperative — which has its mill at Mtubatuba — last year. However, Hulett's denies it is in the market again.

Farmers in the area say they are being offered between R40 and R65 for options over each ton of their cane quota. At least nine farmers in Hluhluwe are said to have granted options, while another eight to 10 options have been granted in the other two areas

LONRHO

The option offers are being made through a nominee company which farmers claim is called Jeremy Timbers (Pty).

However, nobody seems to know which organisation controls it, nor what price it would put on their land if the options are exercised.

Most likely power behind the takeover bids is said to be LONRHO.

A spokesman for Lon-
Rho's Glendale Mill, however, said he had no knowledge of options being taken out over additional holdings. "My portfolio is Glendale only," he said.

Mr T A Wilkinson, financial manager of Lon-
Rho South Africa, said from Johannesburg that sugar was the one commodity over which the local company did not exercise control and hence, was unaware of any new developments in that direction.

Despite these comments, it would be logical for LonRho to attempt to gain control of Umfolozi, since it failed in an attempt to strengthen its hand in the sugar industry three years ago.

The group planned to build a new mill near Melmoth at a then estimated cost of R20m but was said at the time to have been refused permission by the Government.
Remgro in
R100m energy,
metals drive

By DAVID CARTE
Deputy Financial Editor

AS PART of a huge diversification drive, Rembrandt Group, in partnership with an unnamed European group, has established a R100-million off-shore commodities-based investment company.

This is revealed by the annual report released today.

The new company has spent R100-million on geographically spread and diversified-portfolio investments in metals, minerals and energy. Of this, R40 300 000 was spent after the year to March 31.

The report does not say so, but Rembrandt watchers said the new company was established with the proceeds of the sale of Rothmans Canada last year.

Remgro also invested R76 500 000 in South Africa last year.

Its biggest SA investment was the R11-million it spent following its rights in the Federale Mynbou issue. In March, Remgro acquired a 29% interest in Total SA for R16-million. It spent R50 000 following its rights in the Volkskas issue and its 20% interest in Legal & General Volkskas cost R5 000 000.

In February, the group entered a joint chemical manufacturing venture with Henkel KGA of West Germany. Its share of this 696-man, two-factory operation cost R9 400 000.

Much of this domestic capital expenditure was financed by the net cash inflow of R79 600 000 arising from the reconstitution of the liquors industry.

For the first time Remgro gives an asset and profit breakdown, which shows the extent of its diversification out of liquor and tobacco.

At the year-end, 37% of capital employed was in tobacco and liquor, 12% in mining, 13.5% in liquid funds and 15.6% in other interests.

The profit contribution from tobacco and liquor fell from 94.4% in 1979 to 72.4%. This happened even though liquor and tobacco profits were 8% better at R61 500 000.

Minning's contribution rose from 10.5% to 18% and liquid funds' from 5% to 10%. This trend away from tobacco and liquor towards mining and energy is expected to be even more marked next year.

In the year to March, in spite of the strength of sterling and the rand, Remgro pushed up pretax profit 28% to R97 820 000. A slightly lower tax rate enabled taxed profit to rise 31% to R76 891 000.

Thanks presumably to the R18-million — or 16% — drop in profits of Rothmans International, which is not mentioned in the annual report, income from associates fell 7% to R40 600 000.

Income of subsidiaries sold during the year was R3 120 000 compared with a loss of R3 389 000 in 1979.

The upshot was that attributable earnings rose 27% to R138 670 000, while earnings rose in line from 178c to 227c, so a share earning excludes associates were 57% better at 140.4c (96.1c).

The stronger rand and pound had the effect of reducing total reserves by R39 300 000, whereas in 1979 it increased reserves by R18-million. Exchange rate changes knocked R4 600 000 off pretax profits. In 1979 they benefited profits to the tune of R1 700 000.

Capital employed, excluding current liabilities, at the year-end was R353-million, of which R175-million, or 50%, was shareholders' funds.

Rembrandt Controlling, Technical Investment Corporation and Technical and Industrial Investments all depend entirely on Remgro for their income and their performance and prospects mirror those of the operating company.

COMMENT: Remgro is fast changing its nature, switching from the increasingly frowned-upon and regulated "dying habits" of smoking and drinking for the "now" sectors, commodities and energy.

The super-secretive group is even becoming slightly more forthcoming with information. All these things are positive for the rating. So is the likelihood that sterling will weaken in the year ahead.

The bad news could be recession overseas and a stronger rand. Whatever happens the well-covered dividend is guaranteed to grow respectably over the medium term, so all the Rembrandt shares are reasonable value in a rather expensive market.
Barlows sells its Hulett's stake to Anglo for R97.6m

By DAVID CARTE
Deputy Finance Editor

IN A major sugar industry shake-up, Barlows has agreed to sell its joint control of Hulett's Corporation to Anglo American Corporation for R97.6m. Joint control of Hulett's will pass through the sale of 55% of S&T Investments to Anglo by Barlows subsidiaries, CG Smith and Co, and CG Smith Investments.

After the complicated deal, involving four large listed and one unlisted company, Anglo American will share control of Hulett's, through S&T Investments, with Tongaat.

The deal was consummated at the weekend and announced last night by Barlows, Anglo American, the three CG Smith companies and Standard Merchant Bank.

Another major implication of the deal is that all the CG Smith interests, apart from S&T Investments, are to be put together in a reconstituted CG Smith Sugar.

Following an offer to CG Smith Investments and CG Smith and Co minorities, this company will end up owning 66% of CG Smith Investments, 100% of CG Smith and Co, 65% of Nampak, 69% of Romatex, all of Hypeck Products and Comiments, R80 million in cash, and all CG Smith sugar's other interests.

In addition, CG Smith Sugar has been given the right to acquire from Hulett's some 55% of the equity of the South Edgecombe mill for a price still to be negotiated.

Before the deal, Barlows held 65% of unlisted CG Smith and Co, which held 87% of CG Smith Investments CG Smith Investments held, among other interests, 90% of S&T Investments, which shared control with Tongaat of Hulett's.

This now goes to Anglo.

After buying 1 million Hulett shares last year, Anglo holds just over 5 million Hulett shares at its last year end. This was equivalent to 5% of the equity but because S&T, with 55% of the equity, is the controller of Hulett's, Anglo will have to share control with Tongaat even though it has the largest single stake.

CG Smith owns 18% of Tongaat, as there is unlikely to be any shareholding between Anglo and Tongaat on Hulett's future direction.

CG Smith Investments minorities are to be offered 15% of the reconstituted CG Smith Sugar or 70c in cash. This is a 10% premium on the share price of 70c before suspension yesterday.

Minorities in the unlisted CG Smith and Co, mainly individuals in Natal, are being offered R100 cash per share.

The deal will increase earnings of all the CG Smith companies. Reconstituted CG Smith Sugar's earnings will rise 50c per share to 1.6c. Earnings of CG Smith Investments will rise 1.6c to 1.8c, while those of CG Smith and Co will rise R1.00 per share.

Following reconstitution and asset reallocations, CG Smith's asset value will decline 55c to 1.01c per share. The net asset value of CG Smith Investments will rise 12c to 69c, while that of CG Smith and Co will decline by R1.00 per share.

Hulett's will sell its packaging interests Hypeck and Comiments to the Smith Group for R85 million and has given the reconstituted CG Smith Sugar company the option to acquire 35% of Hulett's interest in Tri-Angle Ltd of Zimbabwe.

Mr Warren Clewlow, a director of Barlow Rand and chief executive of the Smith Group, said Barlows had sold out of Hulett's as it felt there was "not much point in joint control"

Barlows' policy was to control and manage its subsidiaries. It was "not Barlows' style" to be bating on the same Hulett's pitch as the other sugar majors.

Even after the deal CG Smith retained 45% of the sugar industry, he said. Mr Clewlow said CG Smith Sugar had not decided what to do with the R0.6 million of cash "it would have after the deal."
Barlows gets 
R58,6m cash
injection

Now that Barlow Rand has restructured its sugar interests through the sale of its holdings in Hulett's Corporation, can it be that long before Anglo American restructures its sugar interests held via Tongaat and Hulett's?

The hub of one of the major financial deals for some time which was unveiled by Barlow Rand and Anglo American last night is:

Barlow Rand sells its 60 percent joint control of Hulett's to Anglo for R97m cash.

Barlows via the Smith group, buys from Hulett's its interests in Hypack Products (Pty) and Containex Manufacturing for R60m.

The effect is to give Barlows a net cash injection of around R28,5m — more than which the group will be able to use to invest in what it describes as "further profitable areas".

STAKE

Barlows, via Smiths, will still have a rough 40 percent stake in the SA sugar industry. Anglo via Hulett's will have an estimated 30 percent stake in the SA sugar industry, which swells somewhat when Anglo's stake in Tongaat is taken into account.

The rationale for the restructure is that Barlow Rand was not fully in control of its sugar empire. And as it is Barlow style to be able to control and manage its major interests the deal was born.

One of the major plus factors for the Barlow Rand outside of the handsome cash injection is that the deal strengthens further its Nampak interests. With Hypack and Containex now under the Barlow umbrella, the competition between these interests and Nampak interests is eliminated.

EARNINGS

The listed C G Smith Sugar is effectively buying out its holding company C G Smith & Co and C G Smith Investments, which is also listed. The result is that C G Smith Investments will be delist-
Anglo gets major share of Huletts

Financial Editor

IN A R136 million deal, Anglo American has bought a major shareholding in Huletts Corporation.

As part of the complicated deal, Barlows, which controls Smith Sugar and have a stake in Huletts, have sold their holding in Huletts to Anglo American for R87.8 million.

Huletts in turn will sell their packaging interests of Hypeck and Containex to Smiths for R39 million.

Huletts are also to give Smiths an option to buy Triangle, the Zimbabwe sugar operation, by March 31. Smiths will be able to buy 35 percent interest.

Huletts will also sell by 1986 half of the sucrose quota of the Mt Edgcombe mill. No figure for this transaction or the sale of the interest in Triangle has been set.

Barlows have also announced a reorganisation of the C G Smith Group, which will see the delisting of C G Smith Investments on the Johannesburg Stock Exchange.

The deal means that Huletts will be able to sell the cash for its R120 million plan to build a new sugar mill at Felixton and give Anglo American a firm foothold in the sugar industry.

Anglo already has a sizeable shareholding in the Tongaat Group.

Barlows will be able to use the cash to finance the R43 million expansion plan for its five sugar mills in Natal.

The envisaged changes are not likely to change the control of the sugar industry in practical terms. The current men at the top of the growers' and millers' association are the best men to run the industry.

What is likely to happen, apart from Anglo American interest in the group as an investment, is the availability of capital to embark on long-term expansion plans that could include the manufacture of ethanol.

The Smith Group, with several thousand employees and wide interests throughout Natal, is a complex web of three main interlocking companies with the unlisted C G Smith Company at the top.

Smithsugar is worth, in stock market terms, R185 million and Smiths Investments R221 million.

Smithsugar is probably worth at least

Huletts sugar deal

R175 million, based on Barlows offer for a major stake earlier this year. Since then Nampack (now 55 percent owned) and Premier Paper have entered into the picture and pushed up the value.

Smithsugar company holds two-thirds of Smiths Investments, which in turn holds a majority stake in Huletts (indirectly with Tongaat), Ramatex (55 percent), Smithsugar (31 percent) and the McCarthy Group (3 percent).

There is a majority holding in Natal Cane By-products and an indirect stake in top exporter Smithchem.

But Smithsugar holds 42 percent of Smithsoy company and a 14 percent stake in Crookes Brothers.

The sugar company has five sugar mills (Uzimkulu, Sezela, Illovo, Noodsberg, Gledhow and Pongola) in addition to extensive cane-lands. It is busy with a R43 million plan to expand the milling and refining capacities of these mills.
Five companies in major sugar industry shake-up

By DAVID CARTE

JOHANNESBURG. — In a major sugar industry shake-up, Barlows has agreed to sell its joint control of Hulets Corporation to Anglo American Corporation for R57 600 000.

That's Progress

DURBAN — Progress Industries appears to be gathering the fruits of its rigorous pruning plan as its property and operating companies were sold. The company has recorded an operating profit of R33 800 for the half-year compared with R29 100 for the same period in 1979.

Turnover was up 19.4 percent with the managing director, Mr. P. D. Jacobson, reporting that the 49 percent improvement in pre-tax profits reflects the improved trading conditions in the industry and he anticipates that this improved trend will continue for the rest of the year.

An interim dividend of four cents has been declared.

Joint control of Hulets will pass through the sale of 50 (percent) of S & T Investments to Anglo by Barlows subsidiaries, C G Smith and Co and C G Smith Investments.

After the complicated deal, involving four large listed and one unlisted company, Anglo American will share control of Hulets, through S & T Investments, with Tongaat.

The deal was consummated at the weekend and announced last night by Barlows, Anglo American, the three C G Smith companies and Standard Merchant Bank.

Another major implication of the deal is that all the C G Smith interests, apart from S & T Investments, are to be put together in a reconstructed C G Smith Sugar and Co minorities, this company will end up owning 100 percent of Rempal, 35 percent of Romatsax, all of Hyloop sugar's other assets.

In addition, C G Smith Sugar has been given the right to acquire from Hulets shares equal to 50 percent of the quota of the Mount Edgecombe mill for a price still to be negotiated.

Before the deal, Barlows held 65 percent of unlisted C G Smith and Co, which held 67 percent of C G Smith Sugar, and 55 percent of S & T Investments, which shared control with Tongaat of Hulets.

This now goes to Anglo.

Anglo to share control

After buying 1 million Hulets shares last year, Anglo held just over 2 million Hulets shares at its last year end. This was equivalent to 6 percent of the equity but because S & T, with 53.5 percent of the equity, is the controller of Hulets, Anglo will have to share control with Tongaat even though it has the bigger total stake.

Anglo owns 18 percent of Tongaat, so there is unlikely to be disagreement between Anglo and Tongaat on Hulets' future direction.

C G Smith Investments' minorities are to be offered 55 shares in the reconstructed C G Smith Sugar, or 75c in cash. This is a 10 percent premium on the share price of 70c before suspension yesterday.

Minorities in the unlisted C G Smith and Co, mainly individuals in Natal, are being offered R100 cash per share.

The deal will increase earnings at all C G Smith companies. Reconstituted C G Smith Sugar's earnings will rise 25c per share to R1.25, earnings at C G Smith Investments will rise 15c to R1.50, while those of C G Smith and Co will rise R50 to R100 per share.

Following reconstruction and asset reallocations, C G Sugar's asset value will decline 50c to 1.25c per share. The net asset value of C G Smith Investments will rise 12c to 65c, while that of C G Smith and Co will decline by R55 per share.

Hulets sells packaging

Hulets will sell its packaging interests to the Smith Group for R39 million and has given the reconstructed C G Smith Sugar company the option to acquire 25 percent of Hulets' interest in Triangle Ltd of Zimbabwe.

Mr. Warren Clowes, a director of Barlows House and chief executive of the Smith Group, said Barlows had sold out of Hulets as 'it felt there was not much point in joint control'.

Barlows policy was to control and manage its subsidiaries. It was 'not Barlows style' to be batting on the same Hulets pitch as the other sugar majors.

Even after the deal, C G Smith retained 45 percent of the sugar industry, he said Mr. Clowes said C G Smith Sugar had not decided what to do with the R50 million of cash it would have after the deal.
Everybody wins in the sugar shake-up

By DAVID CARTE
Deputy Financial Editor

THE SHARE prices of CG Smith Investments and CG Smith Sugar rose sharply yesterday on reselling, after the sale of joint control of Huletts by Barlows to Anglo American Corporation for £197,600,000.

CG Smith Sugar gained 20c or 10% to 2.50c on its pre-suspended price, while CG Smith Investments put on 90¢, or 13%, to 790c. Huletts, which, unlike the others, was not suspended, improved 90¢ to 680c yesterday.

The CG Smith Investments price of 790c exceeds CG Sugar's offer price of 770c, so it is unlikely holders will take the cash.

CG Smith Investment minorities also have the option of taking 55 CG Sugar shares for every 100 investments shares they hold. The current CG Sugar price values the share offer at 790c, so it seems likely most minorities will take the shares, even though this is only a 14% premium on the pre-suspension price, which itself was speculative.

If all minorities take shares, Barlows will end up holding 51% of the new CG Smith Sugar, which is to be renamed simply CG Smith Ltd.

Stock market analysts said, the reconstituted CG Smith Sugar which is to take over all of CG Smith Investments and CG Smith and Co and will hold 55% of Romatec, 55% of Nampak, Hylpack and R60-million in cash, was a far preferable stock to the old CG Smith Sugar.

CG Sugar was previously purely a sugar stock and was regarded as cyclical and high risk by institutional investors. Now it had diversified into attractive, non-cyclical and was very liquid.

One source close to the deal said the earnings forecast of 16c was based on the assumption of a 5% return on the R60-million in cash. This source pointed out that reconstituted CG Sugar's dividend income was worth 90c per share on last year's dividends.

The deal was hailed by many observers as a masterstroke by Barlows, which has made a monumental killing on its relatively recent investments in Natal. Some observers speculated that Barlows had obtained 45% of the sugar industry for "effective peanuts".

But unafford as an already liquid Barlows ended up with cash rather than assets, it was not a wholesale victory for Barlows.

-Anglo American paid an effective price of 40c a Huletts share for joint control but will not make a similar offer to shareholders, as control did not change hands, says Mr Chris Griffith, head of Anglo's industrial interests.

The effective price paid by Anglo represents a 33% premium on the pre-suspension price of 630c. After the deal Anglo has 59% of the voting rights of S&T Investments, but receives two-thirds of its income. Dividend income on this stake was R5-million last year, so Anglo has bought its Huletts stake on a 5.1% historical dividend yield.

But this ostensibly high price was partially offset by the generous R50-million paid by Barlows for Hylpack and Cortefaan.

A major feature of the deal for Anglo is the acquisition of the Ngoye, Pret Retief, 'paper mills. These will integrate well with 53m. When Mond's No 4 and No 5 paper mills are both operating next year it will be bigger not only in terms of profits than Sappi and possibly in terms of tonnage. SA Board Mills may also benefit by the paper acquisitions.

Why should the Tongaat share price benefit from the deal?

Only because of the revaluation of Huletts, Tongaat owes only 90% of the value of a third of the income of S&T Investments — which holds 53.5% of Huletts, but 10% of Huletts directly, so it receives about 27% of Huletts income.
New bids for diamond group

CAPE TOWN — The battle for control of Trans Hex, the Cape Town-based alluvial diamond group, took a new turn this week when two further bids were announced.

Hill Samuel said it intended making an offer on behalf of the Octa diamond group and a company, Natal Makelaars, is making a bid as well.

The new bids were formally revealed at the meetings in Cape Town on Tuesday morning to consider the offer by Mr Laurie Korsten’s Corporate Credit Services.

The meetings were postponed until October 16 to allow shareholders time to consider the latest turn of events.

A third new bid could well emerge from the listed Theron Holdings, which is keeping a close eye on proceedings.

And Trans Hex chairman, Mr P Hoffman, has appealed to shareholders not to deal in Trans Hex shares until they have received all relevant documents.

At least two of the prospective bidders intend examining ways of bringing Trans Hex to the JSE list. — DDI.
Dunlop UK seeks out share buyers

Dunlop Holdings UK, which owns 70 percent of Dunlop South Africa, has called in Department of Trade inspectors to try to find out who has been buying its shares. All the purchases have been made through nominee companies, cloaking the identity of the beneficial owners who are believed to be based in Malaysia.

Dunlop has tried to establish who is behind the gibbling, but replies to its inquiries have been "unsatisfactory." London's "Investors' Chronicle" was the key point is that Dunlop's two Malaysian subsidiaries are valuable and important to local Malaysian interests, and by acquiring a major stake in the holding company the purchasers might hope to influence Dunlop's own policies.

CONCERN

Estimates of the Far Eastern holding in the group range from 20 to 40 percent. It is a measure of its concern — and that of the British authorities — that it has called in inspectors who will also try to determine if there have been breaches of the City Takeover Code.

Where does this put Dunlop South Africa? Obviously it has more of a passing interest in what is happening to its UK parent Dunlop SA, a local company and is managed by South Africans, but there are important business and technical know-how links with the parent. Given the cold relations between Malaysia and South Africa, an unfriendly stepfather may yet create headaches.

RECORD

It is far from certain that there will be any change of control in London, but if there is it can't be ruled out that the local child might want to leave home.

Because the 30 percent in local hands boils down to 4.5 m shares, a number of local institutions have not been able to take up any meaningful slice of Dunlop SA, and would therefore welcome the opportunity to move into what is a good company. Dunlop SA's record has been good net earnings have risen from 11.5c in 1971 to 36c a share last year, while the dividend has moved up from 8c to 34c a share. The outlook for 1980 remains good. So there is more than one reason to expect Dunlop's share price to bounce higher.
FUTURE PLANS FOR COMPETITION BOARD

Who can grow?

Draft guidelines determining the non-statutory criteria upon which the Competition Board will base its critical assessment of future mergers and acquisitions are expected to be published next month.

This follows several months of deliberations by the seven-man board on submissions made by a wide spread of business sectors.

Putting together the final consultative document is not going to be easy. The replacement of the old Regulation of Monopolistic Conditions Act by a Promotion of Competition Act implies a policy switch from neutral to favourable.

Yet the Act itself indicates that, henceforth, government will be more sceptical of acquisitions which reduce competition and do not contribute to the efficiency of management. On the other hand, the belief that anything that restricts competition is evil has, unlike America and Germany, never caught on in SA — with its panoply of state-run or controlled monopolies and monopsonies.

In a small market like SA, complicated by sharp differences in income distribution, the authorities may have permitted a measure of sacrifice of competition in the belief, quite correctly, that economic power concentration in certain sectors would not only facilitate price stabilisation, but also enhance international competitiveness.

But lately, there is another edge to that argument. While large, powerful groups may contribute to price stabilisation at home and give domestic exports a competitive edge there are, in SA, equally powerful social and political forces at work which favour a wider regional spread of business activity by smaller undertakings.

The overall approach of the board is, therefore, certain to remain highly flexible in cases where there is no apparent prejudice of the public interest, and that it will come down heavily on company groupings — horizontal, vertical and conglomerate — which pose a threat to competition or facilitate unfair trade practices.
Salect back in black,
sees 20c earnings

By SHAUN HOLLICK

SA SELECTED Holdings, which was saved from insolvency through the injection last year of the Inter-Continental and Robert Skok group of machine tool companies, is viable and set to earn at least 20c a share in the year to February 1981, says the annual report.

After the injection of the new companies, shareholders' funds are R331 000 compared with the R4 146 000 deficit last year.

Sales in the first four months of the current year exceeded R15-million, says the annual report. Last year sales for the full year were R24 189 000. With the announcement of many new quasi-Government projects, Salect sees a "very bright future" over the next two years and sales should beat last year's R24-million total by at least 50%.

Salect remains an investment holding company, but is now geared to the supply of equipment to the engineering industry.

From a loss of 21c a share in the year before acquiring the Inter-Continental/Skok interests, the group swung to a profit of 5.9c a share in the 12 months lately ended says the chairman, Mr Robert Skok.

But because the 12-month contribution of the Robert Skok group has been annualised in these results and the preference shares existed only in the last three months of the year, the figures are not comparable.

Mr Skok says Salect is "on the way to becoming a soundly based company serving the needs of the market place and generating a steadily increasing flow of profits and dividends."

In line with a policy of further engineering acquisitions, the non-engineering investments - a 70% stake in Sinclair Holdings and 11% of Troncor - are to sold Sinclair will be sold by the end of this financial year.

Because of this policy, the Salect directors decided to capitalise R140 000 of interest relating to the Sinclair investment. The directors say that the receipts from the sale of these investments "will be more than sufficient to offset Sinclair's increased book value." On turnover of R24 189 000, pre-tax profit rose to R1 700 000 and taxed profit increased to R1 200 000. Last year a R720 000 loss was sustained.

Total net borrowings appear to have risen from R7 882 000 to R9 102 000, of which more than R9-million looks to be short term, but because most debt is either to creditors or to Mercantile, the interest bill was only R43 000.

COMMENT: The company may well be back on the tracks, but its debts are daunting, even if they are largely interest-free. It's a share for brave souls at 120c.
Sanlam deal

CAPE TOWN, 21/11/80

A R12.4 million transaction, Sanlam has acquired from National Acceptances Land and Development Agreement for the construction of a complex in Claremont, Cape Town, which includes a corporate headquarters and supermarket for Pick ’n Pay.

Sanlam takes over the complex from National Acceptances. On completion of the proposed development on the consolidated site of 13,000 square metres, National Acceptances will act as project coordinators managing the construction by LTA and will also let space.

The total project is to be completed by the end of March 1982.

The development is sited at the corner of Main and Camps Grade roads at the edge of Claremont’s Central Business District, and will provide for a supermarket of 4,000 square metres, and for specialty shops covering a further 2,500 square metres.

— Sapa
JAMS WORKED TOGETHER WILL PERSONALLY

Chief Griffin:

Superior Tunes

The and

and

TOM S. S. DERFIELD

Jack Brichill reports on this week's big fluette deal—and it looks as though Anglo

SRAKESHNGOBA

19290 101 N TURF (RJ)

I'm the

Zimbabwe

the

and

19990 541 N TURF (RJ)
Div of 10c declared by GF Props

By ADAM PAYNE

GOLD FIELDS Properties, in which substantial investment has been made towards the development of the property, has declared a dividend of 10c (6c) for the year to June 30 giving a yield of 3.3% on yesterday’s share price of 286c.

The preliminary results for the year contain no royalties from Lupaardsvlei, which, I am told, should start at the beginning of next year.

In the year to June 30 last profit on property sales, with the improvement in the property market, almost doubled to R582 000 (R295 000) and income from investments trebled to R635 000 (R204 000) to bring pre-tax profit to R2 637 000 (R1 535 000).

In the year to June 1979 an extraordinary item — the sale of Lupaardsvlei mineral rights to West Rand Cons for R2 997 000 — brought after-tax profit to the high figure of R3 900 000 compared with this year’s R1 945 000.

A large proportion of the R2 997 000 is reported to have been invested in gold shares and some in Rand.

The income from these investments is now flowing, as shown by the big rise to R635 000.

The net asset value of GF Props has risen 22% from 237c to 286c.

CONFIDENT when GF Props sold the Lupaardsvlei mineral rights to West Rand Cons in February last year the main attention was given to the uranium side by West Rand Cons, which was having difficulty in meeting contract commitments.

The gold price at the time was $48 an oz and neither West Rand Cons nor GF Props looked hopefully to profits from the gold operation at Lupaardsvlei.

I am told that West Rand Cons’ uranium contracts were at prices lower than the ruling price at the time of about $40 a lb.

Since February last year the price has changed with spot uranium sales almost at a standstill and contract sales by West Rand Cons still at prices lower than the ruling present level.

Even with the rise in the gold price, West Rand Cons is not likely to make big profits on the gold operation in the immediate future and the emphasis will still be on uranium production and sales to meet contracts.

Unit costs on gold production will be reduced when the company increases milling to 80 000 tons a month at the gold plant, with 100 000 tons a month being treated at the uranium plant.

The operation at Lupaardsvlei cannot be launched overnight and much development has still to be done from the Tush and Battery shafts.

Royalties will start on a small scale at the beginning of next year and should then build up.

The slump in the uranium market will not have improved immediate prospects for the Lupaardsvlei operation nor will the rise in the money against the dollar which is reducing earnings in rand terms.

It is still early days to estimate earnings from Lupaardsvlei but investors in GF Props should be wary of expecting too much from that quarter.

Under the agreement with West Rand Cons GF Props will receive 85% of all profits arising from the sale of minerals mined from Lupaardsvlei.
Searl is looking for solid progress — Searl

By DAVID CARTE
Deputy Financial Editor

AFTER halting earnings 14.6% in the year to end June, Searl, with Sharp Electronics in the stable, is looking for more solid progress in the year ahead, says the chairman, Mr Aaron Searl.

With 24 of 25 operating companies reporting much improved trading, Searl pushed up sales 19% to R115 135 000, pre-tax profit 91% to R8 749 000 and, thanks to a lower tax rate, attributable profit 146% to R5 887 000.

Earnings a share rose in line to 15c (1979: 8.1c), while the final dividend was raised to 16c (10c), making 26c for the year, a 71% improvement.

Profits are stated on the conservative lifo method of stock valuation, so cover is even more substantial than the 6.3 times reflected in the stated results.

An important factor in the results was the write-back of an undisclosed overprovision for lifo at subsidiary, Western Tanneries in 1979, Mr Searl told me yesterday.

According to the recent prospectus, new acquisition Sharp was expected to add 14c to earnings. With sales expected to top R30 million in the year ahead, Mr Searl is confident it will do better than this.

Mr Searl said the extremely high dividend cover was designed to enhance liquidity and to help finance the higher level of stocks and debtors required in the much improved trading climate.

COMMENT: The results, released in Cape Town and published briefly in this newspaper on Friday, but advertised in Johannesburg only today, carried the share to a new high of 540c yesterday, before it closed on 530c.

The yield of 4.6% might look thin, considering the group has yet to establish itself as a blue chip. But considering growth prospects and that earnings are lifo-based, the earnings multiple of 3.5 makes the share look fair value.
Eddels in talks on takeover

By Financial Reporter

THE directors of Eddels Holdings said yesterday that the company had been informed by its controlling shareholder that it was involved in negotiations which could lead to the disposal of its controlling interest in Eddels.

If negotiations are successfully concluded, a similar offer would be made to all ordinary shareholders of Eddels.

Shareholders are advised to exercise caution in dealing with their shares until such time as the result of the negotiations is known," state the directors.

Eddels is a subsidiary of Edworks, a privately owned company whose head office is in Port Elizabeth, and which owned 90% of the issued ordinary shares at the date of the last accounts (June 30, 1979). Subsequent reports are that Edworks has increased its stake to 65%.

Last year, the directors reported that although profits for the half year to December 31, 1979 were R2352 000 and that, based on forecasts the profits for the second six months were expected to be minimal, an audit report indicated that the financial year would probably end with a loss of R1000 000.

This meant that in the half year some R200 000 was lost. The board was reconstructed with three members being dropped. These included the chairman, Mr Monty Dodo, and Mr John Feek who joined the company in 1978.
UAL clinches biggest SA property deal ever

By DAVID CARTE
Deputy Financial Editor

IN THE biggest single property deal ever clinched in South Africa, Union Acceptances Limited has sold its 50% stake in Eastgate to Liberty Life for R25,500,000.

UAL sold its half share in the country's biggest single shopping centre because it was not its policy to be invested in property, Mr Johan Nel, managing director of UAL, told Business Mail yesterday.

The R25,500,000 price tag represents a substantial profit for UAL, which is now believed to have recouped nearly all the losses it sustained through the Summit-Sumcor property collapse.

Mr Michael Rapp, managing director of Rapp and Malster, Liberty's property subsidiary, who concluded the purchase, said it was an "excellent investment" for Liberty.

The yield on the R25,500,000 half stake just acquired, he said, was "about 8.3%", while that on Liberty's original investment in Eastgate was "about 11.5%". This meant Liberty had obtained all of the country's prime shopping centre on a yield of roughly 10%.

Because rentals were linked to steeply rising turnovers at Eastgate, Liberty was "very satisfied" with the terms.

It was obliged to participate because, when it took over the land on which Eastgate stands from the insolvent Summit-Sumcor group, it inherited an obligation to develop Eastgate with Liberty.

"We decided to develop Eastgate, get it going and then opt out and that is what we have done," said Mr Nel.
EAST LONDON — The Queens Tyre Group has acquired the Bandag franchise in East London.

Queens Tyre signed a contract yesterday to buy the entire share capital of KKR (Pty), trading as Bandag Tyres in East London and Umzinto. The Umzinto branch is responsible for the distribution of Bandag tyres in Transkei.

Queens Tyre trades as Supertread Bandag in Queenstown and as Border Tyres in East London and is a subsidiary of Maltak Motor Holdings, parent company of Malcomess Toyota and Malcomess Sigma Peugeot.

Maltak Motor Holdings is a subsidiary of the quoted company, Maltak.

Announcing the takeover yesterday, Mr Tom Chalmers, managing director of Maltak Motor Holdings, said the company saw the new investment as a fulfillment of its commitment in the area.

"We believe we can serve ourselves a niche in

this market and through this acquisition we will be in a strong position in the East London retread market," he said.

The company had embarked on a considerable rationalization programme recently, especially in the motor division, and the present expansion followed the Border area recording the highest Bandag growth — 72 per cent — in South Africa last year.

Mr Chalmers said he saw the Transkei and Ciskei as important market areas.

In the past the company supplied their retread market in the Border, Transkei and Ciskei from the Queenstown operation, but purchasing the Bandag factory in East London would boost the group's daily production capacity to 500 retreaded tyres, Mr Chalmers said.

The Queens Tyre factory was running at near full capacity and the new expansion would enable the company to look aggressively at the government and semi-government markets now.

This Queens Tyre group now controls the Bandag franchise for the largest geographical area of any Bandag dealer in South Africa and are forecasting an annual turnover of R35 million.

Mr Chalmers also announced that Mr Terry Chapman, previously joint managing director of Queens Tyre in Queenstown with his brother Roy, has been appointed group managing director for the enlarged Queens Tyre operation. Mr Roy Chapman will become MD of Supertread Bandag in Queenstown.

The marketing operation of Border Tyres and Bandag Tyres will now merge into one marketing team and trade as Border Bandag Tyres.

The head office of Queens Tyre will be transferred from Queenstown to East London.

ODR
LEYLAND NEEM FIAT (SA) OOR

DIE oornamse van Fiat (SA) deur die Leyland-organisasie van Wes-Kaapland is nou byna beklink. Die amptelike aankondiging sal aanstaande maand gemaak word sodra die ooreenkomtes tussen die twee groepe in Europa onderteken word.

Die feit dat Augustus die Noordelike-Halfrond se vakansie maand is, het die afhandeling van die transaksie vertraag.

Fiat se Roslyn-fabriek, waar sy passasiersmotors en ligte handelsvoertuie vervaardig word, is reeds vir die Messina-mygroep toegeë. Datsun-Nissan (SA), 'n vol-filiaal van Messina, is naby die Fiat-anleg in Roslyn. In die stadium is dit nie duidelik of Datsun-Nissan die Fiat-anleg self gaan gebruik en of dit deur 'n ander Messina-filiaal ingespan sal word nie.

Ander motorvervaardigers wat in die Fiatanleg belang gestel het, is BMW (SA) en die Sigma-Motorkorporasie.

Die Fiat-anleg is 'n uiteraard moderne eenheid met 'n vermoe van meer as honderd eenhede per dag. 'n Fabriekswoordvoerder van Fiat het gesê dat hulle riuq tussen 70 en 80 eenhede per dag veroorbring.

Volgens die NAAMSA-liggers is die eers eenhede van Januari dit jaar produusie tot 150.

Swaar vragmotors ontrekters is nie in die gedrang nie, want hulle word deur Vetsak bemark.

Sodra die ooreenkomte finaal onderteken is, sal die montering van daarby die Fiat-motors wat Leyland in sy stal gaan opneem in die Blackheath-anleg in Wes-Kaapland gedaan word. Die aanduiding is dat Leyland hoofsaaklik in die Fiat 131 belangstig, aangesien dit die enigste Fiat is wat redelik verkoop.

Leyland (SA) sal ook voorgaan om die Fiat 128-bakkie en -paneela te vervaardig, aangesien daar vir die bakkie geen mededinging in sy afdeling van die mark is nie.

Leyland produseer hoofsaaklik die Rover en die Mini, wat aan die maatskappy geen groot aandeel in die Suid-Afrikaanse motormark gee nie.

Volgens die NAAMSA-liggers is die enigste eenhede van Januari dit jaar produusie tot 150.

Op die gebied van handelsvoertuie sal die oornamse van Fiat (SA) die Leyland-organisasie aan, sienlik versterk. Die 128-handelsvoertuie se markdeel was 1,2 persent en die van Leyland se handelsvoertuie announcer was 3,5 persent vir die eerste sewe maande van 1980.

Die internasionale ooreenkomte sal daaroor voorsiening maak dat Leyland (SA) Fiat-produkte in lysieis in die Republiek vervaardig.

Daarmee kan aanvaar word dat die Mini waarskynlik binnekort deur die Fiat Ritmo of die Flat Sanka aangevul sal word, aangesien Leyland reeds geruime tyd in 'n nuwe ligte voertuig aan die onderkant van die markbeëindigte.

DR. GIAN CARLO BARSOTTI bestuursvoerende direkteur van Fiat SA
Fiat plant

Own Correspondent
PORT ELIZABETH — Volkswagen has bought another plant in Uitenhage and has abandoned plans to acquire the Fiat plant in Pretoria or to expand to the north in the immediate future.

The company's managing director, Mr. Peter Searle, confirmed that the former Mack truck plant had been bought and said that the Fiat plant did not suit Volkswagen's immediate needs.

He would not disclose the price paid to Sigma Power Corporation for the plant which is near the Volkswagen factory. The Mack site covers about seven hectares and also has an office block.

Production of Mack trucks in Uitenhage was discontinued and the assembly line was moved a few years ago when fillings merged with Sigma. The factory was used by Sigma as a depot for truck spares, but the company has now leased the old Citroen plant outside Port Elizabeth for this purpose.
Anglo American not buying Umfolozi mill

Financial Editor

ANGLO American was yesterday revealed as the mystery buyer behind the purchases of at least 27 farms in the Umfolozi area at a cost of R20 million.

But Anglo American is not talking with the Umfolozi mill board on buying the mill and a spokesman for the co-operative said that the question of appointing Anglo directors to the board would have to be decided by the members.

The Umfolozi Co-op's board is to meet with Anglo representatives 'in the near future'. There are about 146 white growers attached to the mill.

Umfolozi has appointed Finansbank as professional advisers, and last Friday met with the unnamed 'party' which has expressed an interest in buying the mill.

Discussions

'Constructive discussions have been held and these are continuing,' the co-op said. It has started talks with the relevant Government departments on the issue.

Finansbank said that Anglo American had confirmed to them that they were behind Jeremy Timbers, which has been 'actively' buying sugar farms in the Umfolozi area.

Anglo said it had no sinister motives, that it planned to continue with sugar farming and 'it wished to co-operate in a positive manner with Umfolozi and its members.'

Tongaat?

Finansbank would not reveal the identity of the potential mill buyer, but it is quite possible that Tongaat is acting in the deal.

Mr Chris Griffiths, an executive director of Anglo American, has been in Natal this week and returned to Johannesburg last night.

He is a director of Huletts and Tongaat and chairman of S&F Forest Investments.

Speculation has been rife in the area for several months as rumours of large land sales swept the north coast from Hluhluwe down to Empangeni.

The mill was the subject of a R22.5m bid from Huletts last year, following reported dissatisfaction from farmers members of the co-op.
Anglo's Aid for Blacks

By Tony Hudson

ANGLO AMERICAN PLANS PROTEST OF BLOCKHOUSE GROVE'S RELOCATION

The Anglo American Corporation had announced plans to relocate the Blackstone Housing Authority headquarters from Blockhouse Grove to a site in the south side of the city. The move was expected to result in the displacement of hundreds of African American families from the neighborhood. Anglo American claimed that the relocation was necessary to improve the efficiency of the housing authority and to provide better services to the community. However, residents of the area were outraged and organized protests to oppose the move. Many argued that the relocation was a ploy to displace the Black community and facilitate the company's expansion into the area. The protest gained national attention, with many white and black activists supporting the cause. The relocation ultimately went ahead, but the controversy caused a major rift between Anglo American and the community. The incident was seen as a turning point in the company's relationship with the community.
Angelo in Giants
THE Anglo American Corporation has spent more than R120-million in a spectacular move which effectively gives it control of a third of the output of the South African sugar industry.

Since April, the giant conglomerate has been involved in a series of manoeuvres which included the buying of 28 Umfolozi sugar farms for about R25-million.

It has also bought control of one of Natal's most prominent sugar companies — Huletts — for R71-million and gained control of the Umfolozi Co-operative Sugar Mill through appointments to the board.

Mr Chris Griffith, an executive director of Anglo American and mastermind behind its sugar investment programme, confirmed yesterday that the company was the "mystery" buyer of the Umfolozi farms.

Speaking in Johannesburg a week after he returned from a visit to Umfolozi, where he met several farmers, Mr Griffith said:

"I feel that sugar is a good investment. There was an opportunity to buy up some farms in Natal, and we took it. But we do not intend buying all the farms in the area. It is certainly not our intention to build a large sugar mill in Umfolozi."

Mr Griffith's confirmation came after two weeks of speculation in which Anglo American at first denied and later would not comment on the Umfolozi deal.

The secret moves to buy the farms were well planned, and the first steps were taken even before Anglo gained control of Huletts.

About a year ago, the conglomerate bought off a dormant company, Broply Services (Pty), a subsidiary of Broply, of Bloemfontein.

It changed the name to Jeremy Timbers in April after an application was filed by the Sguina Motor Corporation, a subsidiary of Broply, of Bloemfontein.

Two of the three directors appointed to Jeremy Timbers, Mr Fred Butler and Mr John Meyer, are connected with Sigma, while the public relations officer, Mr John Porter, is also a Sigma employee. The third director is a Broply attorney, Mr Walter H. Edelstein.

Flaging a Maritzburg company, Measured Farming, Jeremy Timbers then bought off the Umfolozi farms through an agent, Mr Jeremy Johnson, who is closely connected with Mr Griffith in acquiring timber plantations for Anglo in the Natal Midlands.

With the purchase of the Umfolozi farms well in hand, Anglo moved in to take control of Huletts through the purchase of the Barlow group's shareholdings in the company, worth R25.6-million. But the complex deal involved four legal companies and one unlisted firm.

Hard on the heels of the buying spree at Umfolozi, Anglo American is also expected to make a move into the sugar industry, with a long-term goal of controlling a third of the total sugar output in South Africa.

The statement said the chairman was also approached on behalf of a party which expressed interest in buying the mill, but that a meeting with that party had been arranged.

Additional information was not available.

The statement added that the chairman was able to advise the board of the Umfolozi acquisition, and that talks were continuing.

Defunct

The statement added that representatives of Anglo were appointed to the board of the Umfolozi co-operative, and that it had, through its purchase of farms, gained control of the mill.

Commenting on the secrecy surrounding the deal, Mr Griffith said it was "not his way" to discuss intimate company business with the public.

Asked about the R1 share capital of Jeremy Timbers, Mr Griffith said that in business there were dozens of dormant or defunct companies which were not operating.

"Broply services was one such company," he said. "We bought it as we required a corporate entity to acquire farms."

"The name was then changed to Jeremy Timbers and we kept the identity of the company confidential, which is normal business practice."
The Magazine changes hands

Pace, the glossy monthly magazine aimed mainly at the black market has been bought from Electroids Ltd by Caxton Ltd, the Johannesburg publishing company in which Argus has a 50 percent share.

An announcement of the purchase today by Terri Goldman, joint managing director of Caxton, said: "We are excited about the development of the magazine field in association with the Argus Company. Pace is a highly successful monthly magazine with a growing circulation and strong advertising support. We plan to develop it into the leading publication in its field."
PACE gets new owner

PACE, the glossy monthly magazine aimed mainly at the black market, has been bought from Electrol Ltd by Caxton Ltd, the Johannesburg publishing company in which Argus has a 50 percent share.

Announcing the purchase yesterday, Mr Terry Moolman, joint managing director of Caxton, said: "We are excited about this development in the magazine field in association with the Argus company. Pace is a highly successful monthly magazine with a growing circulation and strong advertising support. We plan to develop it into the leading publication in its field."
ANGLO American has pulled off another coup in Zululand, according to the Financial Mail.

The Durban Supreme Court has sanctioned Anglo's offer of R1.2m for Mentjes Broers (Pty), which has been discharged from provisional liquidation.

This means Anglo acquires 3.4ha of farmland under cane, sugar and cotton, with a game farm to boot.

Mentjes Broers, which was placed in provisional liquidation in February, had made losses of nearly R1.4m between June 1975 and June 1979.
New move in battle
for Trans Hex

By Mervyn Harris
TRANSVAAL banker
Mr Laurie Korsten has
made a 'materially
different' proposal
to the boards of Naskor
Mynbou and Seeland
in his bid to gain con-
trol of the Namqua-
dland diamond com-
pany, Trans Hex.

He put in this proposal
as the battle for control of
Trans Hex heated up this
week when one of the two
other companies making
counter-bids increased its
offer.

He told Business Argus
today: 'I have put certain
proposals to the boards
which they have had since
Tuesday. I am not suggest-

ing I have increased my
offer.

My previous proposal
still stands but over and
above that I have put in a
different scheme:

My previous proposal was for
100 percent of the shares
of the companies, whereas
one of the other offers
was for 49.9 percent of the
shares of Naskor and Se-

Continued on Page 3

Bid for Trans Hex

- From Page 3

and they did not say
what they would do with
the other shares.

'It is now for the boards
of directors of the com-
paies to decide what to
do if they turn down the
proposal; it is not neces-
sary for anyone to know
details of the new scheme.'

POSTPONED DECISION

Shareholders of Naskor
and Seeland last month
postponed a decision on
Mr Korsten's initial pro-
posal, through his comp-
pany Corporate Credit
Services, after the two
counter-bids were received.

They were advised to
keep their shares until
advised by the boards of
Naskor and Seeland which
control Trans Hex what
to do

Ochta, which has wide
interests in the diamond
industry, this week in-

creased its offer for 49.9
percent of Naskor and
Seeland shares and for 70
percent of Trans Hex
shares held by minority
shareholders.

It has now raised its
offer from 220c to 270c
for Naskor shares and
from 2,79c to 2,95c for
Seeland shares.

The offer for 70 percent
of the minority holding of
Trans Hex shares has been
increased from R2,05
to R2,25.

The boards of Naskor
and Seeland met on Tues-
day this week to consider
the offers. The meeting
continued until Wednesday
without reaching a
decision. The boards will
again meet on Tuesday.

The other offer is from
Natal Makelela, a Pret-
toria-based company which
has interests in mining
but not in diamond oper-
ations.

Shareholders of Naskor
and Seeland are due to
meet on October 16 to
consider the recom-

mendations of the boards.
Multi-directorships unjustified—prof

Should the Government control the number of boardroom directorships a person can hold?

In Barclays Business Brief, Professor J J Botha (head of the department of economics, University of the Witwatersrand) says there is no economic rationale to one person serving on the boards of 50 companies.

It is a phenomenon which, if contained through legislation of one kind or another, would not harm the private enterprise system in any way, on the contrary it would support it. Professor Botha says that the Government should be held in applying anti-monopolistic legislation.

Monopolies constitute an impediment to free competition in the South African economy. It is strange that so few competent free market economists have been willing to point out, let alone demand, the self-seeking practices of monopoly capitalism as one of the greatest single causes of the miserable decline of the capitalist system in the world today,” he writes.
Shock takeover bid for Natal company.

Own Correspondent

DURBAN — Pinetown-based caravan and mobile home maker CI Industries will have one of the shortest JSE listings on record if a takeover bid announced this week succeeds.

According to a statement by Standard Merchant Bank, an unnamed bidder is in the market for the 51 percent control bid by Caravans International in Britain. If the negotiations are successful, a similar offer will be made to minorities in South Africa.

Local shareholders have therefore been warned to exercise caution in their dealing until the result of negotiations are known.

The takeover bid — and the UK company’s reported interest in it — has come as a thunderbolt to local observers. Despite a slightly bearish comment from the company regarding current year’s trading, it is understood that CI profits to the end of August (the financial year-end) will be “astronomical.”

SA’s PROFITS

What is significant is the vital role the South African company plays in the international group’s profitability. According to the last Caravan International UK annual report, the South African operation provided more than half of the group's world profits.

With 18 production plants in six countries, Caravans International achieved a 1979 before-tax profits of just £3-million (about R5,4-million). Of this, African countries (overwhelmingly South Africa) provided £1,94-million (R3,3-million), or about 60 percent.

With the South African company again poised to make a huge contribution to overall group profitability, the overriding question is why the controlling shareholder wants to get out. Sources close to the company confirm a deal is close to being signed.

“Surely the British company cannot be so trapped for cash that it cannot wait for the next South African profits payment,” one staff member said.
M&J all set to hit the takeover trail again

MURRAY & Roberts (M & R), the construction-based conglomerate, can be expected to take further big steps along the takeover trail in coming months.

The base of the R700-million-a-year group will continue to broaden, so much so that it could increasingly be asked whether M & R should become known as a holding company with a strong contracting arm.

Inroads have already been made into consumer markets via food and catering. This trend will clearly continue.

Most favoured areas by the group on current thinking are electronics and consumer-oriented companies.

Also, the pace of diversification — more than 50% of total earnings are now derived from non-construction activities — will probably quicken as the integration between north and south operations becomes fully digested.

This became clear after an interview this week with the chairman, Desmond Baker.

"The general trend will be a diminishing contribution to profits from construction," he says.

Teams in Johannesburg and Cape Town work continually on evaluating potential acquisitions.

A large number of potential acquisitions were investigated during last year, resulting in the spending of R6-million.

Spending the previous year on acquisitions was R25-million.

The two biggest sources of acquisitions have been foregone companies looking towards divestment, and family operations who see boom conditions as a good time to sell.

By ANDREW McNULTY

Numerical criteria, which Mr Baker prefers to keep confidential, have been developed, but special attention is paid to return on assets, gearing and other liabilities at the time of purchase, plus activities of the company.

He says there could well be further acquisitions totally unrelated to M & R's field of expertise, provided that they have a strong management team capable of fitting well into the group's decentralised structure.

How aggressive would M & R be in cases of reluctant suitors?

"I don't think we've ever acquired any company which doesn't want to be acquired."

"With our philosophy of looking for management in the companies, it would be crazy to buy a group of people who don't want to be bought or controlled. We would just have an unhappy relationship."

In the short-term, however, strongest growth is likely to be in construction as the sector harnesses the boom.

There will be no shortage of cash. M & R's latest annual report says: "The group, despite the increase in borrowings, from 38% of equity on July 1, 1978 to 53% on June 30 1979, still has appreciable unutilised facilities."

This is necessary to fund the increase in working capital which would be required for a recovery in the construction industry in the Republic and for further diversifications and our international activities."
DAVID Lewis, of Holiday Inns and Wirt Industries fame, has bought a controlling interest in Esab Welding Products, a company which supplies and services a wide range of welding equipment and electrodes.

The equipment is manufactured by Esab of Sweden, a world leader in advanced welding equipment and technology.

Mr Lewis tells Business Times that the Benson-based Esab Welding Products has not operated profitably in the past, principally because the Swedes were unable to adapt their marketing strategy to South African conditions. In addition, spares back-up left much to be desired.

He believes that both these drawbacks can be effectively overcome, and the new Esab combination of Swedish technical know-how and South African expertise in the market place will go a long way towards ensuring the future profitability of his new acquisition.

"It is a formula which turned around the Electrolux operation which I bought three years ago," he adds. Electrolux has gained 15% more market share under its South African ownership.

Mr Lewis has tackled the spares back-up void by� freighting R150 000 worth of spares to South Africa. He has also placed an order in Sweden for more than R300 000 worth of welding machines.

He expects Esab to gain a minimum 15% market share in the next three years.

Esab SA will be demonstrating the latest in welding - the Robot Welder - at next month's Electra Mining Exhibition. The Robot, developed in co-operation with Asen, highlights Esab's advanced technology worldwide. The machine will sell for between R120 000 and R160 000

Esab SA has just been awarded a R200 000 welding machine contract by the SAIR, while Esab Sweden recently secured a R32-million contract to erect and commission a complete plant to cater for the construction of a nuclear power plant in the USSR.
Queues outside the cleanest laundry

SUITORS are said to be queuing up for Amalgamated Laundries, which some brokers describe as "the cleanest cash shell" on the market.

Possible candidates for the maiden's hand are Peter Gain, the cash asset company specialist, Bill Venter, of Allied Technologies, Stuart Pegg, Taki Xenopoulos, of Fontana, Alderson & Flitton, and an unnamed trust company in Cape Town bidding on behalf of a client.

Amalgamated Laundries currently consists of R1.5-million cash and properties with a book value of R950,000, over which there is a mortgage of R660,000. This makes net asset value 130c, cash accounting for 100c and properties for 30c.

Speculation is that the controlling shareholders will take out the properties at 70c a share. This means that Amalgamated Laundries will be left with R2.2-million cash, making net asset value just above 16c.

Market talk is that chairman Max Florence has refused an offer of 20c a share. Current market price is around 25c—a level which looks right for a company being besieged by offers.
Trans Hex to decide on takeovers

THE board of Trans Hex Bellingham meets on Tuesday to decide whether to accept takeover offers for its two holding companies, Seland Mynors and Nadkorn Mynors.

The bidders are Octo Diamonds and Corporate Credit Services. The amount involved is about R100 million and moving up all the time.

Theron Holdings, which operates the three undersea mining concessions held by Trans Hex, has dropped out of the bidding. Trans Hex holds four of the 12 undersea concessions in the area — off the Namibian coast — three of which are contracted to Dawn Diamond Company, in which Theron holds a controlling interest.

All four of the concessions come up for renewal by the Department of Mineral Affairs in January 1981. Although Theron's position regarding Trans Hex is secure, some mining sources believe that the terms of the prospecting leases could be altered.

Hugo Richter, Theron's chairman, tells Business Times that the only manner in which such terms can be altered is for the prospecting leases to be converted into mining leases. "I cannot see this happening," he adds. "But if the leases are converted, the result will be beneficial to Theron."

Francois Hoffman, managing director of Trans Hex, says, "I have no doubt at all that since we have discharged all our prospecting lease obligations, they will be renewed in the same way they have been since 1971 when we acquired them."
Former Info paper sold

GEOFFREY ALLEN

The successful unorientated magazine Pace, launched in 1978 by former Department of Information front man Mr David Abramson and Mr Stuart Pegg, was sold this week for the second time in a year.

The magazine has been bought for an undisclosed sum by Caxton, the publishers and printers in which the Argus newspaper group has a 30 per cent interest.

Pace was launched when the Department of Information scandal was at its height. Nine staff members threatened to resign when they were told that the magazine was owned by Mr Abramson and Mr Pegg through their Government-supported Hortors group of companies.

At the time, Mr Abramson assured the staff that there was no Government shareholding in Hortors.

Deal

But the Erasmus Commission into alleged irregularities in the now-defunct Department of Information subsequently revealed that the purchase of Hortors had been made possible through a complicated Government-backed financial deal with Mr Abramson and Mr Pegg.

Late last year, Pace was sold to Mr David Lewis's Electrocol group of companies.

The Caxton group has announced it will launch a new white-oriented magazine, Style, on November 24 with Pace's managing editor, Mr Jack Shepherd-Smith, as editorial adviser.
Now sugar mergers move into Zimbabwe

Own Correspondent

SALISBURY — Hippo Valley's managing director, Mr Brian Bullett, assured shareholders at the annual meeting that until Barlow Rand decided on taking a 25 percent option in Triangle Sugar Corporation, nothing could be done about considering a merger of these two huge sugar companies.

It was reported last week that the Anglo-American Corporation had taken control of Triangle in early August in a $57.6m swoop on Hulett Corporation in South Africa which itself controlled Triangle and its subsidiaries through a Luxembourg-based company, Banquees Holding SA. Anglo also controls Hippo Valley.

In the wake of this report the matter was raised at the meeting by Salisbury stockbroker Mr Bill Burdett-Coutts.

Mr Bullett, according to an Anglo spokesman, also said that the group would have to be convinced there would be benefits in putting Triangle and Hippo Valley under one roof bearing in mind the amount of capital already employed and the thousands of staff involved.

So Anglo's intentions at the moment remain unclear. The spokesman would only add "There are no firm plans at the moment."

Meanwhile this week the Secretary for Transport and Power, Mr Peter Lamprecht-Stokes, announced during his address to the International Economic Resources Conference in Zimbabwe, that a second and larger ethanol plant is to be built at Chambando in the Lowveld.

The first ethanol plant came on stream recently at Triangle.

The second distillery is being planned by the Industrial Development Corporation and when it comes into operation the proportion of ethanol blended in petrol will increase from 15 to 20 percent. Diesel will also contain 14 percent ethanol.

While the scheme is still in the feasibility stage, informed sources said this week, finance will be provided by private enterprise, directly or indirectly through the IDC.

A suggestion that Anglo American might take part was not ruled out as the company is already a shareholder in IDC.
OCHTA LEADS IN BATTLE FOR TRANS HEX

OCHTA, a company with wide interests in the diamond industry, has emerged as the frontrunner in the R10-million takeover battle for control of the Namaqualand diamond company, Trans Hex.

Representatives of Ochta will today meet the boards of directors of Naskor Mynhou and Seeland Mynhou — which between them control 64 percent of Trans Hex — and the boards will announce tomorrow their recommendations on which offer shareholders should accept.

Major shareholders were hurriedly called to a meeting in Cape Town last night to be given information and will vote on October 18.

The latest development came after board meetings of the controlling interests of Trans Hex yesterday and on Tuesday following two days of inconclusive meetings last week.

But on Monday Ochta increased its offer for the second time in two weeks.

Its bid for 57 percent of Trans Hex is now worth about R5.8 million.

The initial proposal by Transvaal Banker, Mr Laurie Korsten, for 64 percent of Trans Hex was worth about R5 million.

Mr Korsten, though his company, Corporate Credit Services, put in a materially different proposal last week after the first suit filed by Ochta and Natal Makelaars.

The latest offer increases Ochta’s bid to 49.9 percent of Naskor and Seeland shares by about 10 percent to R3.95 a share and R2.30 a share respectively.

CONSORTIUM

Merchant banker Hill Samuel, acting for Ochta, has also arranged for a number of private individuals to form a consortium to buy shares over and above the 49.9 percent which Ochta is bidding for.

Mr J A de Villiers and his family interests are the major shareholders in Ochta, which has associated companies involved in diamond cutting and polishing and has a diamond mine on the banks of the Orange River.

Shareholders of Trans Hex were urged after a meeting early last month to keep their shares until advised what to do by the boards of Naskor and Seeland.

Mervyn Harris

MR. P HOFFMAN, chairman of Naskor Mynhou
Big Asea stake for Amic

By HOWARD PREECE

ANGLO American Industrial Corporation is to become "a large shareholder" — minimum 20% — in Asea, makers of transformers and high voltage equipment, in a deal costing about R10-million with the parent company, Asea AB of Sweden.

Asea will also make a 50c a share offer to all other shareholders — but that might not look so attractive with the share price yesterday bouncing up to 60c on the Johannesburg Stock Exchange.

The Asea share price rose 60c yesterday and 20c on Wednesday and a JSE inquiry seemed called for.

A statement late last night said that subject to all the relevant approvals, Amic would become a large shareholder in Asea with Asea AB retaining a 25% holding.

Asea AB now holds about 45% of the South African company.

The statement said Amic would acquire its shares from Asea AB at 50c and that a similar offer would be extended to all shareholders.

A second interim dividend of 7c a share would be paid as part of the proposals.

COMMENT: There are 11 500 000 issued ordinary shares in Asea and if all the outside holders, including the Industrial Development Corporation, were to accept Amic's offer that would cost Amic well over R10-million.

But with the offer well below the market price it would be surprising if more than a handful accepted.

However, Swedish companies are under severe pressure within their own country over financial links with South Africa and it may well suit Asea AB to stay quiet and let Amic, with its passive co-operation, have de facto control of Asea South Africa.

It is not clear whether Asea AB will be paid out through the financial aid market if it will have to take its cash at a hefty discount — 38% at yesterday's rate.

That could be another reason against a complete self-out at this stage.

Asea South Africa managed a rise in taxed profit of only 10% to R2 760 000 for the half-year to June 30.

The chairman, Mr D L Keys, said last month when announcing this profit that there had been "satisfactory increases in group turnover and orders received".

He added that "working capital requirements have increased further."
Ochta in lead for Trans Hex control

Ochta, a company with interests in the mining and marketing of diamonds, has emerged as the frontrunner in the battle for control of the Namibian diamond company Trans Hex.

Johannesburg banker Mr. Laure Korszen has withdrawn from the bidding for the interests of Trans Hex.

Representatives of Ochta yesterday met the boards of directors of Naskor Mynhou and Seeland Mynhou — when between them control 64 percent of Trans Hex — and their recommendations are expected today.

OFFER

Ochta's bid for 57 percent of Trans Hex is now worth about R5.5m. The initial proposal by Mr. Korszen was worth about R8m.

The latest Ochta offer is for:

- R3.55 a Naskor share for up to 49.9 percent of shareholders’ ordinary shares,
- R3.30 a Seeland share for up to 49.9 percent of shareholders’ shares,
- R2.50 a Trans Hex share for up to 100 percent of the ordinary shares of the Trans Hex minorities.

Hill Samuel acts on behalf of a number of individuals who are prepared to buy all shares in excess of the 49.9 percent interest which shareholders are allowed to sell to Ochta.

These buyers offer the same price as Ochta for the Naskor and Seeland shares.

Mr. Johann de Villiers and his family trusts are the major shareholders in Ochta, which has associated companies involved in diamond cutting and polishing and has a diamond mine on the banks of the Orange River. It is now also entering the field of manufacturing and wholesale trading in jewellery.
Leyland en Fiat haaks

De verhouding tussen Fiat (SA) aan die een kant en Leyland en die Massina-groep aan die ander kant, is vinnig besig om te verstoorn.

In Massina se geval is 'n mondelinge ooreenkoms reeds tussen hom en Fiat gesluit om Fiat se motor, monteeraanleg in Rosslyn te koop. Fiat draai egter nou om die ooreenkoms te onderteken.

Dit is bekend dat Fiat reeds sy produksie beëindig het en nou motors uit sy aansienlike voorraad verkoop. Die fabriek is egter in 'n svak toestand en dit sal Massina, wat Datsun beheer, waarskynlik 'n hele paar maande neem om opkappingswerk te doen.

Massina se plan was om die fabriek einde van jaar oor te neem.

Fiat se gesig om die ooreenkoms te onderteken laat nou allerhande vrae ontstaan oor die redes daarvoor.

In Leyland se geval is die 'nietverdienst' nog groter. Hy het 'n finale aanko aanbod aan Fiat gemaak vir 'n hele 128-reeks en 'n deel van die 131-reeks se onderdele en gereedskappie. Fiat se naam lei egter aansienlike skade in die maak wees en die onsekerheid oor presies wat die maatskappy gaan doen. Leyland se standpunt is waarskynlik dat hoe langer Fiat draai, hoe minder is daar om oor te neem, hoewel Fiat se bedingingsvoorwaarde natuurlik al hoe swakker word.

Dit is ook bekend dat Fiat met Alfa Romeo onderrandel oor die 128-bakkie. Alfa het geen handelsvooruitsig nie en stel die rede in die 128-bakkie belang. Dit lyk egter of Alfa met die 128-bakkie sal of niet Fiat se onderhandelings met Leyland deur dier na val.

Intussen is Fiat-besig om sy bestande voorraad te verkoop en speur na 'n neel te verminder.
Price fixing at the back door

WE expressed disquiet last year when the liquor industry was carved up between South African Breweries and the Rembrandt Group, with beer falling under SAB and wine going to the R180-million conglomerate, Cape Wine Distillers.

In business terms it all made sense — the economy that comes with scale and the inexorable growth of well-managed, already large corporations, with money to spend on expansion.

But we wanted to know what protection there was for the consumer in all this? Our cynicism was almost immediately justified.

While the deal was being put together, SAB promised that beer prices would not be increased in the near future. But this decision was soon rescinded and prices went up.

On the wine side, the Government (which sanctioned the deal) included a clause in the agreement forcing wine producers and wholesalers to sell off their retail outlets over a pre-determined period.

This, in some way, lessened the unhealthy situation where it was possible for one company to produce, distribute and sell wine against a background where the KWW controls prices, production and supplies anyway.

But within months of the giant CWD going into operation, the wholesalers (represented by Cape Wine and Sprits Institute) have agreed to set up a "non-discriminatory pricing" system to "ensure free and fair distribution of liquor products to retailers."

The wholesalers say they have done this at the request of the Federated Hotel Association of South Africa, representing retailers.

Whatever the wholesalers tend to label this new system, it is nothing more or less than price maintenance. It means the public will no longer be able to benefit from cut-price competition between retailers and some wholesalers because discounts to retailers will be abolished.

The issue goes beyond merely making liquor cheaper. It cuts across one of the basic tenets of the free enterprise system — competing for prices.

And it is in essence a backdoor move which goes against the agreement sanctioned by the Government. The credibility of those who drew up and signed the agreement is at stake and there is an onus on them to stop this latest action.
Premier sells liquor interests

Financial Editor
PREMIER Milling is selling all its main liquor interests, apart from the 50,1% stake in Benny Goldberg's Liquor Supermarket, to Picardi Hotels.

The price tag has not been revealed but market sources suggest it will be in the R4-million to R5-million range.

The deal is effective from October 31. It will have "no material effect on the earnings and assets of Premier." Picardi is a part of the Cape-based group controlled by Mr Jan Pictard who already has wide liquor interests.

Premier is selling nine bottle stores in the Johannesburg/Reef area.

These are Magnum Liquor-drome, two Carlton Service outlets, Birnam, President Wine, Mr Slasher's and three Grey Smith stores.

Premier does also have some small liquor interests through Mine Stores of Natal but these are comparatively of little consequence.

COMMENT: There have been reports for some time that Premier's liquor interests were generally not working out.

The Benny Goldberg interest, with its self-contained management, was, however, excepted.

In the annual report this year Mr Tony Bloom, Premiers's chairman, said "Benny Goldberg's Liquor Supermarket" was able to report another successful year with turnover levels substantially above those of the previous year.

He said the retail bottle stores generally achieved a "satisfactory increase in profits due to increased turnover as well as higher profit margins."

But Mr Bloom made clear he was extremely unhappy with home trends in the industry.

He said "I must voice serious concern over recent developments."

"It is difficult to conceive how a Government ostensibly devoted to free enterprise could, in a year in which the Competition Board came into existence - sanction the creation of two overwhelming monopolies and the grant of preferential treatment to one other participant in the industry." Mr Bloom said "Much of the consumer-oriented marketing activity has already gone out of the industry with serious consequences for the aggressive independent retailer."

"Discounts have been removed and bulk buying advantages are now virtually non-existent. As a result the consumer pays more."

The position has tightened further since Mr Bloom said that in May.

The sale of Premier's bottle stores to Picardi is not surprising.

It is more likely that Premier will look to expansion of its interests in future within its existing areas of operation.
Amie gets a bigger slice of Asea SA

Agreement has been reached between Amie and certain local shareholders in Asea that Amie will buy from them their entire shareholding in Asea which totals 13.1 percent. Amie will obtain from Asea SA (a Swedish company) 18.8 percent of their interest which will leave the Swedes with a 21.9 percent stake in the South African company. Remaining shareholders in Asea SA will be given the opportunity to take part in the proposals on the same basis and will be offered:
  1. The redemption of their entire shareholding at 300c a share, or
  2. Receipt of a dividend of 170c a share followed by the redemption of 45 out of every 100 shares held by them at a price of 110c a share
  3. Retaining their SA share.

— Joan Noon
Details of Picotel's preferred issues are being prepared by Mercabank and should be available within a month. This week's announcement from Pickard says, however, that the effect of the acquisition will be to increase Union Wine's 1986-1987 group earnings by 8c per share and net tangible assets by 20c per share.

This would be taking into account the 'significant boost' in turnover Magid says the group is currently enjoying. The Premier liquor outlets just acquired had an estimated R20m sales in the 12 months to March 31 and this has since been considerably inflated in real terms.

Union Wine and Picotel look well set to improve not only return on investment but also market share in the near term. Signalling the start of the recovery after unsatisfactory profit increases in the past four years, Union Wine increased earnings by 36% to 27.4c per share in the year to June 30. After allowing for a moderate rise in retentions to help fund expansions the dividend has been increased 27% to 7c a share. Picotel has performed less spectacularly with a 22% increase in earnings to 16.4c a share. As Union Wine holds 80% of Picotel, retentions are proportionately less and the 9c dividend (7.5c) is covered 1.8 times.

The politics of the liquor industry are intriguing. Investors can be assured that Jan Pickard's forecast of "...most promising future..." is no idle boast.
Unilever SA has entrenched itself as top dog in the soap market by the purchase of the market's third biggest producer, Natal Oil and Soaps (Pty) Ltd, from East Asiatic Co (Johannesburg).

The deal was concluded this week after long negotiation.

Officially the take-over is effective from September 30. But the FM has been told that hiring and firing at Natal Oil and Soaps has already begun.

The main components of the company are Quality Products, which manufactures soaps, Natal Oil Products, which manufactures edible fats and oils, and Natal Warehousing Services, which is involved in the warehousing and distribution of the other two companies’ products.

At the same time, says Unilever, it has been agreed to sell Natal Oil Products to the Tongaat Group.

Best known of the Natal Oil and Soap products are Gusha soap, DO24 and Dawn skin lotion produced by Quality Products, and Helios cooking oil produced by Natal Oil Products.

Although accurate market figures are not available, market position in the soap industry used to be Unilever, then Colgate Palmolive, and third, with a significant share, Natal Oil and Soaps. Although some market sources put the Unilever share at 80% now, others more conservatively claim figures of between 55% and 76%. Unilever isn't commenting. Nor is it revealing what the deal cost.

Hans Olesen, chief executive of East Asiatic, denies the Danish company is trying to leave SA. "We've been here 78 years," he says "we'll be here another 78, at least."
Disclosure now

Since his death, unveiled facts and rumours have steadily chipped away at Dr Nico Diederichs' once-glimmering reputation. So much so that a well-informed public figure felt free to tell the FM this week: "He was a very bad little man."

Whatever the case about Diederichs' bankrupt estate and his alleged links with a Swiss bank account, it is surely time for Cabinet Ministers to consider full disclosure of their assets and business interests.

The Americans learnt long ago that men in certain positions must be above suspicion. And the British recently introduced a code of conduct calling for disclosure in certain instances. Now is the time for SA to follow their example.

The FPFP's national chair, Colin Eglin, supports disclosure — particularly in the South African context where "the executive is free to take arbitrary decisions that can vitally affect financial interests." Parliament, he adds, has surrendered so much power to the executive that there is now no effective check on its actions. Disclosure could act as some control in cases of conflict of interest.

In Diederichs' case, of course, only the lessons of history can be learnt. Although the Erasmus Commission refrained from judging a dead man, the evidence considered makes it plain that he was involved in the Information affair from the start, and must have known about the Citizen's government funding. But Diederichs also arranged government financing of the information projects without having Parliamentary sanction to do so — and there are lawyers who are prepared to argue that this amounted to misappropriation of State funds.

Allegations about his wartime activities, never denied, have also raised eyebrows. In his book, the Broederbond's journalist Hennie Serfontein quotes wartime reports by the then Director of Military Intelligence, Dr EG Malherbe, to the effect that in 1939 Diederichs was trained in subversion at the SS Anti-Communist School.

Then there is the Swiss banker Bruno Saager, whose name recurs in allegations about the Swiss bank account.

It was through Saager, then general manager of the Union Bank of Switzerland (UBS), that Diederichs arranged the international money channels for information projects. The account now linked with his name could stem from this period when numerous numbered accounts were opened.

One, a "Vakbond account," was used to channel bribe money to British and American trade unions. Another was opened at Credit Suisse, while a third, at a Kleinwort Benson branch in the Channel Islands, nominally belonged to Dr Denys Rhoades and had something to do with a project involving British parliamentarians.

This raises questions about the "secret account" currently making headlines. The information accounts were supposed to have been closed by General Hendrik van den Bergh when he was "investigating" the secret projects. He once boasted that he knew the press would follow him if he went to Switzerland to close the accounts, so he made the Swiss bankers come to him.

In terms of Diederichs' arrangement with Saager, the UBS handled much of the information money (although accounts were opened at other banks) and loans and disguised loans were channelled through a UBS subsidiary called Thesaurus Continental Securities.

For a while, at the height of the information projects, Thesaurus was a very busy subsidiary. Among its activities were the following:

- Handling the transfer of $10m which John McGoff used to try to buy the Washington Star and did use to buy the Sacramento Union.
- Handling the funds and loans David Abramson and Stuart Pegg used to try to take over Morgan Grampian in Britain and to take over Hortons in SA.
- Lending R5.5m to the Information front-company Thor Communicators.
- Writing a letter to Louis Luyt saying (falsely) it was lending R12m to find The Citizen (Luyt says the letter took him by surprise but he presumes it was written so he could show a source for his funds).

- Granting a bond to David Abramson to buy a house in London
- Granting loans to Dutch businessman Henry Merx which he used to buy control of Empisal Ltd through Abramson and Pegg (The loan facility was originally granted to the Department of Information but Abramson arranged for it to be switched to Merx's company — Royal Holdings of Panama).
- Writing a letter to Thor Communicators asking that earlier letters be burnt.

Even if South African law required disclosure of assets and interests it is unlikely that any politician engaged in illegal activities would comply. But a disclosure rule would increase his chances of being found out — and certainly increase his feelings of vulnerability.

Perhaps then there would be less talk of politicians with overseas assets...
Octha attacks again

By JOHN SPIRA

THE protracted struggle for control of Trans Hex has entered a new phase, with Octha Holdings now extending its offer to Trans Hex shareholders from September 28 to September 29.

In its offer document, Octha Holdings asks the pertinent question: Why did the Trans Hex board recommend acceptance of the CCS offer but reject the Octha bid which was 34% higher?

Octha believes that the reasons which the Trans Hex board have given for the rejection of its higher offer are not justified.

Octha is convinced that its bid is in the interests of Trans Hex shareholders and says that if its offer succeeds, it will be a worthwhile step towards the establishment of a diamond group controlled by Afrikaans interests.

The document refutes all the Trans Hex objections to the original offer which alleged that the bid undervalues shareholders' stake in the group, that acceptance would lead to control passing to an individual, there is no guarantee that shareholders would benefit from internationalization and that there was no certainty that Octha would apply for a JSE listing.
Towards a more public Putco

Nobody should imagine that public transport for blacks can be self-sufficient. Its customers are not rich and through no choice of their own, are forced to live at great distances from their jobs. Without subsidies from the public exchequer, fares would be impossibly high, and politically an even more explosive issue.

Nobody should believe that private ownership of a public utility is necessarily a bad thing. The opposite has been proved in countries overseas, with services ranging from electricity supply to telephones. Private enterprise tends to cut down on bureaucracy to run more efficiently, if only because it needs to show its shareholders a fair return.

These are considerations which apply to the giant Putco bus operation, which The Star has been investigating during the past few weeks. Putco has done an efficient job in ferrying vast numbers of black passengers (presently about 1-million a day) on the Rand, in Pretoria and in Durban. But there are other considerations. As its traffic has grown, so its size has doubled and redoubled so have the Government subsidies. To the point where this year alone the company is getting R40-million. some 40 percent of the State's total bus subsidies. Along with this large investment, Putco's value has increased dramatically for the family which bought a controlling interest for less than R500,000 eight years ago. And there is the fact that the majority shareholder, Mr. Gaetano Carleo, lives abroad.

It seems reasonable enough in the circumstances that the State have some say in the enterprise. What the Government has proposed to Putco is not nationalisation, but a broadening of the board of directors and of the shareholding. It would like to see more experts among the directors, specialists in such fields as finance, computers and engineering. It also urges that Putco should be broken up into four or more regionally based companies.

Even a family business can grow unwieldy if these proposals result in a more effective Putco, both taxpayers and customers will be served. Certainly the restructuring will open the way for one obvious move, not so far mentioned — to bring in blacks as directors and shareholders. For a business like Putco, that would make sense from every point of view.
Putco: Govt must intervene

THE Commuters Watchdog Association (Comswa) which lodged an objection against the bus fare increases, supports the idea of the Government involvement in the operations of Putco — if the burden of the increases will be offset by a subsidy.

A proposal that will force the Carelo family — owners of Putco — to relinquish its control, if it is implemented, has been forwarded to the Minister of Transport, Mr C Hennis, by the Director General of Transport, Mr A B Easteen.

The Department of Transport has already instructed Mr Albino Carelo, managing Director of Putco, to expand his Board of Directors to include experts in the fields of computers, banking and engineering.

Mr Mohamed Dangor, who convened Comswa, said as transport was “a social responsibility,” the Government should intervene.

“I am happy that the Government is now thinking of intervening as commuters had been asked to bear the increases,” he said.

When Putco first raised the fares, which were later reversed by the Rand Supreme Court, Mr Dangor had asked for an independent probe into the entire operation of Putco.

GOVERNMENT

Mr Isaac Mogasa, the chairman of the Diepkloof Civic Association, which as also a member of Comswa, said they had asked for Government involvement because Putco was “increasing fares at anytime.”

Lawyers representing Comswa said government involvement might offset the fare increases.

Putco, which carries more than one-million passengers a day, has received over R75-million from the Government to subsidise black and coloured fares in the last three financial years.
Putco is umbrella for 23 firms

Staff Reporter

There are 23 companies in the Putco Group, many providing services relating to the running of buses.

Putco is controlled by Carleo Investments (Pty) Ltd, which holds 67% of the shares in Carleo Enterprises, which in turn holds 54% of the shares in Putco Ltd.

Putco holds all the shares in five other bus companies: African Bus Service; Co Bus Service; Euclid Bus Services, Eyatal Passenger Service, and Rand Bus Lines.

The group includes companies which provide bus bodies, as well as engine, gearbox and differential reconditioning, to not only the group but other outside concerns.

Group companies also provide insurance, including risk reinsurorances, to the group.

Putco has a bus forward replacement reserve of R16,882,548. An amount of R3.6-million was put into the reserve in 1979, nearly double the figure for 1978. Directors attribute this to the continued escalation of bus prices. The reserve is claimed to be R7-million below requirements in terms of accounting practice.

Apart from its bus replacement reserve, Putco has a reserve of R4.5-million for bus overheads, which the directors claim is R6.7-million short of the target reserve.

The company has what it calls a "not reserve" of R1.5-million.
4.8 

Fission and Fusion

In the stable nuclei, the nuclear binding energy $B_N$ increases as the nucleon number $A$ increases. To show the rate of increase we plot the ratio $(B_N/A)$ versus $A$ in fig. 22. The ratio is approximately constant and reaches a maximum of $\approx 8$ MeV nucleon$^{-1}$ for "medium" nuclei ($A = 40-120$).

The lower values for light nuclei can be attributed to enhanced "nuclear surface tension". The lower values for heavy nuclei ($A > 120$) can be attributed to the enhanced Coulomb repulsion of the protons in these nuclei.

If we fuse light ($A < 10$) nuclei into medium nuclei or if we split (fission) heavy ($A > 200$) nuclei into medium nuclei, our final system will therefore be more tightly bound than the initial system (fig. 22). In other words, there will be a further release of energy (like latent heat) which will be liberated as kinetic energy of the reaction products. In order to fission one or both of the initial nuclei must have sufficient energy to overcome their mutual Coulomb repulsion, so the nuclear separation to within the range of the nuclear Fission occurs spontaneously in some very heavy nuclei in a form of radioactivity in these cases. It may also be a nuclear reaction, for example by bombarding a heavy nucleus with neutrons (fig. 23). The product nuclei (fragments) produced exhibit a range of $A$ values, average $A$ are initially highly excited and are usually unstable in ground states and therefore radioactive. Two or three are also released in the fission process and these are in the production of self-sustaining fission chain reactions.

Most of the energy released in each fission ($\approx 200$ MeV) as the kinetic energy of the fission fragments.

5.

Interactions and Measurements of Nuclear Radiations

We consider only radiations (particles) having kinetic energies in the energy range ($\approx 0.1$ MeV and a few $\times 10$ MeV) typical of nuclear physics. The interactions of these radiations with matter are basic to many phenomena and to many aspects of nuclear technology. Examples are the detection of nuclear radiation, the design of radiation shielding, and the assessment of radiation dose.

Interaction of radiation with matter

As a representative group of particles (radiations) we will consider the electron, proton, alpha particle, neutron and gamma photon ($\gamma$). Within these the charged particles form a natural group or subset which is convenient to consider together.

(a) Charged particles (e.g., $e$, $p$, and $\alpha$) interact predominantly with the atomic electrons in matter. Their interactions with nuclei are extremely rare, in comparison, at the energies considered. The interactions lead to the ionization of the medium and the charge (and the velocity) of the particles. It is higher for a higher charge or a lower velocity. If we compare alphas and protons at the same energy, for example, the alphas have a higher charge and (owing to their larger mass) a lower velocity. Therefore, in a given medium, $-dE/dx$ is larger for alphas than for protons of the same energy and the alpha range is less than the proton range for the same incident energy (see tables below and fig. 24(a)). Furthermore, for either particle, the velocity decreases, and hence $-dE/dx$
Nampak to get 3 more companies

By Jean Noon

Hallets Aluminum (Hulamun) is to sell another three large subsidiaries to Nampak.

The Maritzburg-based companies, Alpak, Rotoflex and Aluminium and General, will pass to C.G. Smith Sugar, now the holding company of Nampak, on October 1.

Alpak and Aluminium and General produce, manufacture, and distribute a variety of consumer foil and household packaging materials, while Rotoflex manufactures aluminium foil, plastic film and paper packaging products for the pharmaceutical, confectionary, dairy and tobacco industries.

Nampak and Hulamun have not yet settled the price but Hulamun's earnings and net assets will not be materially affected by the sale.
Premier Milling cuts back on liquor interests

By Jean Moon

Since Tony Bloom, chairman of Premier Milling, made his strong attack on the government for its handling of the liquor industry after the SA Breweries/Renbrandt reshuffle, it is not so surprising that Premier is to partially pull out from the industry.

An agreement has been reached with Picard Hotels (Picotel), which will mean that Picotel will acquire the liquor interests of Premier. But Premier is to hang onto its 50.1 percent interest in Benny Goldberg's liquor supermarket.

At this stage, the only indication of the price tag has been market speculation which puts it in the R4m to R5m range.

Picotel will add nine bottle stores to its already extensive liquor interests in the Johannesburg/Reef area. These are: the two Civil Service outlets, three Grey Smith stores, Magdalen, Leopoldstone, President Wine and the Slaughters.
Hulamin, Nampak can shake shuffle

Durban. — A further stage was reached in the reshuffle of Natal industry yesterday when Hulett's Aluminium announced the sale to Nampak of three large subsidiaries — Alpak, Rotoflex and Aluminium & General Products.

The deals will see the Maritzburg-headquartered factories of the three subsidiaries pass to Nampak, in a similar way as former Hulett's firms Hypack Products and Containex Manufacturing will pass to CG Smith Sugar on October 1.

CG Smith Sugar, now the holding company for the huge Nampak group, has therefore gathered five Natal firms with packaging interest under its wing in the past two months.

However, the five firms operate in widely differing fields — Alpak and Aluminium & General Products manufacture and distribute consumer, foil and household packaging products. Rotoflex, formerly the flexible packaging division of Hulett's Aluminium, makes a wide range of aluminium foil, plastic film and paper packaging products. Hypack makes paper bags for the sugar industry. Containex produces corrugated containers for various uses.

Nampak and Hulett's Aluminium are still negotiating a price for the latest deal, which, however, are not likely to have a material impact on the earnings and net assets of Hulett's Aluminium. — Sap
Alderson gets Nuco for R2m

By DAVID CARTE
Deputy Financial Editor

ALDERSON & Filton has
bought Nuco, the Nigel ura-
nium extraction company that
was to have gone public
through reverse takeover by
Columbus, for R1 100 000.

Alderson & Filton's bid beat
a R2-million offer by Massma
and was accepted yesterday by
the creditors of Nuco, which
has been placed in final
liquidation.

Alderson & Filton's offer is
subject to the transferability of
Nuco's assets and to the san-
tion of the Master of the Su-
preme Court.

Nuco's assets include a ura-
nium extraction plant, land
and buildings, surface rights,
permits to treat dumps on its
property as well as a uranium
supply contract.

If Alderson & Filton's bid
goes through, creditors expect
to receive between 5c and 6c
in the rand. A creditor said
Nuco "might have" - a right to
shares in Egol worth R60 000
at the current market price of
Egol, in which case the recov-
ery for creditors would
improve.

Dr. Alex Rowe, founder of
Nuco, told me several weeks
ago that Nuco needed
R2 000 000 to become operation-
al. About R4 million had been
spent on the plant at that stage.
Its replacement cost, he said,
was well over R4 million.

The plant could treat a mil-
tion tons of slimes a year and
from that extract 60 tons of
uranium.

Nuco, he said, had 11-million
tons of slimes of its own. There
were millions of tons on nearby
properties and no other treat-
ment plants, so reserves could
be increased.

Dr. Rowe said Nuco could
break even on a uranium price
of $35 a lb, well under today's
depressed price. This is Alderson & Filton's

second acquisition since Cape
Town stockbroker, Mr. David
Abbott, Mr. Johan van der
Burgh and a consortium took
effective control of the com-
pany in March. In June it ac-
quired consumer electronics
company Sumat International.
Before this Alderson & Filton
was purely a Pembina mo-
tor dealer and property
company.

Nuco's liquidators are Me-
trust and Western Trust.
Tiger takes bigger bite as growth reaches 23%

By DAVID CARTE

Deputy Financial Editor

POOR fishing profits, the stable nature of the food business and Tiger Oats and National Milling's huge size and market penetration could not prevent earnings growth of 23% in the six months to end-June.

Today's interim report shows Tiger in a good position to beat the billion rand sales figure this year, with half-time turnover 25% ahead at R325 million.

Pre-tax profit in the period improved 23% at R35 676 000. Less than proportionate increases in taxation, minorities and the pref dividend saw taxed attributable profit 24% ahead at R17 317 000.

Earnings per share were 20c better at 154c (1979 134c).

Dividend cover was slightly reduced and the interim dividend received a 25% lift to 35c (28c). Cover at more than four times was still substantial.

Tiger points out that associates such as 30%-owned Bobby of the UK, 30%-owned Mr Crook of Zimbabwe, 17%-owned National Food Holdings of Zimbabwe and 27%-held ICS in the US have accounted for earnings growth of 25%.

This means earnings of associates grew 33% from 26c to 35c.

Chairman, Mr Rudolf Frankel, told me he was highly satisfied with these results.

"In good times people may not eat a lot more, so one does not get the astronomical profit growth in food that we have seen in other sectors. But in food we don't get severe hills and valleys and are very happy with 25% growth."

Last year-end Tiger's annual compound earnings growth rate was 22% over the previous 10 years.

The latest results show the group ahead of trend.

The biggest contributor to those profits, said Mr Frankel, was wheat, maize, oats and barley milling which brought in 29% of taxed profit - the same as in 1979.

Edible oils and derivatives contributed 16.5% (14.5% last year-end) while animal feeds and agri-business such as poultry, eggs and mushrooms contributed 15% (10%).

Pharmaceuticals brought in 19.5% (18%) and distribution and trading 14% (12%). Fishing's contribution fell from 17% to less than 5%.

So fishing did worse and animal feeds and agribusiness beat during the first half.

Mr Frankel said Tiger's exports were rendered less competitive on overseas markets by much higher raw material prices and a stronger rand.

Although higher raw materials costs and increased sales volumes meant higher working capital needs, he said, Tiger's balance sheet was in good shape.

Tiger traditionally does more business in its second half and expects to beat first-half profits in the second half.

Asked if past growth trends could be maintained, and improved in the future, Mr Frankel said he was confident they could, provided inflation and unemployment could be contained.

People had to eat, he said, and the South African population was growing at 2.8% a year.

Also, Tiger was pioneering new markets such as the pet food.

It was currently experimenting about possibilities in vegetable proteins as meat replacements.

There was also room for further market penetration.

Tiger was investing and reinvesting R13.5 million, a year ago, and has continued to bear fruit.

Tiger's holdings in Metro, Bigby and National Food, are in calls books, at cost of less than R13 million, compared to present market value of R30 million and subsidiaries such as Adcock Ingram, Lambert's Bay and Senawa are similarly undervalued in net assets.

COMMENT: There seems little doubt earnings and dividends will be about 25% ahead at the year-end, suggesting total earnings of 37c and a dividend of 35c. With the share on 1.65, this suggests a prospective yield of 8%.

Superficially, this may look thin but hidden earnings and assets, the low earnings multiple and Tiger's speculative track record through thick and thin justify the low yield.

Especially if, as this interim dividend seems to indicate, purse strings in the future are to be loosened.
Omnia in reverse takeover of Columbus

By HAROLD FRIDJHE

OMNIA Holdings has done a reverse takeover of Columbus Holdings, a company controlled by Mr Peter Gau.

Shareholders in German African Finance Corporation will be allotted 9 365 720 shares in Columbus (German African) with 32.2% of the capital is one of the major shareholders in the Omnia Group which is involved in the production and marketing of dry and liquid fertilizers.

Among the conditions for the deal are:

- Columbus consolidates its shares with one new for every two old shares, reducing the capital to one million new share from two million old.
- Columbus will acquire sufficient shares in Omnia so that its holding will be not less than 50.1% but with the right to accept 60.9% of Columbus will issue a further 3 947 000 shares — with a maximum of 4 623 676 shares, increasing the Columbus issued capital to between 13 252 600 and 13 923 976 shares.
- The board will be reconstituted without Mr Gau.

The effective date of the transactions will be October 1 1980 and Columbus will participate in the final dividend to December 1980. This will result in Columbus shareholders receiving a dividend of not less than 2c a consolidated share.

A transferred listing statement is being prepared and shareholders should await that before taking any action.
Volkswagen buys Mack Truck site

Own Correspondent

PORT ELIZABETH — Volkswagen has bought the former Mack Truck plant in Uitenhage and has abandoned plans to acquire the Fiat plant in Pretoria, or to expand in the north in the immediate future.

This was confirmed by Volkswagen's managing director, Mr. Peter Searle, who said on Wednesday that the Fiat plant did not suit the company's immediate needs.

He declined to disclose the price paid to Sigma Power Corporation for the Mack plant which is near the Volkswagen factory.

The Mack site is about 7ha and houses an office block as well as the factory, previously used by Sigma Power as truck spares depot.

Production of Mack trucks in Uitenhage was discontinued a few years ago when Isuzu merged with Sigma and the assembly line was moved.

In an interview, Mr. Searle said that the Mack plant had been bought to provide backup production facilities to catch up on the backlog caused by recent labour disputes and to meet the increasing demand for vehicles.

"For the present we will be using it as a warehouse for contractual and export parts to provide more production space in the main plant. The offices will be used by the company's training division,

He said that although the company had abandoned plans to acquire the Fiat plant, it would still have to look at the north when considering future expansions because of the disadvantages of the Uitenhage plant's location.
Globe makes offer for Shipwrights

GLOBE ENGINEERING is bidding to buy the minority shares in Shipwrights and Engineers, of which it already owns 86.5 percent.

The offer is nine Globe shares (worth R33.75) for every 16 Shipwright shares (worth R27.50).

The deal will simplify the administration of the Globe group and lead to cost savings, say the directors.

Globe's earnings, affected by tax refunds and losses by James Brown and Hansen, jumped 81 percent to R2.6-million for the half-year, while Shipwrights' rose 12.6 percent to R410,000.

GROUP profits of Kaap-Kunene will drop by 27 percent or more than R1-million this year, the directors estimate.

But the company intends to maintain the 15c dividend paid last year.

Profit for the half-year fell 30 percent to R1.4 million from R2.2-million to give earnings of 9.6c (14c) a share.

The drop in profits follows reduced income from fishing, which was partly offset by higher profits from the group's other diversified interests.

Sunderland Development Corporation expects to raise its dividend above last year's 3.5c and forecasts earnings will rise by a third to R2.4-million.

The half-year profit more than doubled to R280,000 and earnings from timber are usually higher in the second half, say the directors.

Tom Hood
Globe wants all Shipwrights

Financial Reporter

GLOBE Engineering Works proposes a complete takeover of its subsidiary Shipwrights. The two companies are in the Anglocaul group.

A scheme of arrangement is proposed by which Shipwrights shareholders will be offered nine Globe shares for every 10 Shipwrights shares.

Shipwrights closed at 375c on the Johannesburg Stock Exchange yesterday and Shipwrights at 295.

On that basis, Shipwrights shareholders are being offered Globe shares worth 3.375c for every 10 Shipwrights shares valued at 2.95c.

The directors of Globe—marine, electrical and general engineers—say that if approved, the deal will simplify the administration of the Globe group and lead to cost savings.

Had such a scheme been effective on June 30 last, the earnings, dividend and net asset value of Globe shares would not have been affected.

However, the directors say, for each Shipwrights share held, members of that company would have earned 12.7c more a share and received 1.5c more a share in dividend, and the net asset value would have been 15c a share higher.

In the Globe report for the year ended June 30, the chairman, Mr. J. R. Hamilton, says, "It is difficult to predict results in the current year, particularly as the group operates in the international marine market where excess capacity exists."

"As Western economies approach recession of varying degree, this position is expected to worsen and competition, already keen, will inevitably intensify. "On the positive side, however, the group has a reputation for maintaining excellent standards of workmanship and, notwithstanding inflationary trends, is believed that it will continue to remain competitive in both the local and international markets."
Gigantic cartel controls SA meat

By VITA PALESTRANT
AND PAT SIDLEY

A CONSUMER MAIL investigation has shown that the South African meat industry — worth R2 000-million and the largest in the country after gold — is controlled by a vast “monopoly” whose tentacles spread from ranching to supermarkets.

The investigation showed that:

- Three large organisations, whose interests are intertwined, control 75% of the industry.
- Their interests began on the farms, and their network and influence spread to the centre of the meat industry — the Meat Board.
- They own feedlots, agents, abattoirs, wholesalers, supermarkets, meat packers, meat processing factories, hides and skin factories, and even have great influence on the public's faith.
- Their financial muscle and influence leaves little room for the diminishing independents who try to enter the industry.

The Bosses's League — the organisation behind the recent meat boycott — said the probe left no doubt that there was urgent need for an investigation of the industry.

The League's president, Mrs Joy Hurwitz, said it was important that the man in the street understands the meat industry. We have been investigating it for seven years to find out what is going on.

The League's vice-president, Mrs Yvonne Forshaw, said, "We are surprised that the Minister of Agriculture, Mr Hendrik Schoeman, has been reluctant to investigate the industry. When earlier this year he acted with alacrity against Nepco, the egg cartel..."
Restaurant and Pay SideACP.

RESTAURANT AND PAY SIDEACP.

The biggest industry
of the Big Three

contract S.A.

and "The Inside Story"

second part of the.

consumer's point of view.

work, the

Lest you think this is news, we can
bring to your mind the industry and those
up and down the scale of wages and
marks and

contracts. How does the system

operate in this way? Can

be made to work? The question

is feeble, as is the answer.
Tongaat buys Natal Oil Products

The Tongaat Group has bought 100% of Natal Oil Products (Pty) from Unilever South Africa, it was announced yesterday.

This R12-million purchase brings Tongaat's investments in newly-acquired foods and feeds companies to R28-million since the start of its current financial year in April.

These deals, together with continued internal growth in existing operations and the R29-million purchase by its textile division this year of Hebox Textiles, mean that Tongaat is heading for turnover of more than R509-million this year, compared with last year's R369-million.

Mr Chris Saunders, chairman, has announced a streamlining of the two divisions, foods and feeds, where sales are now running at more than R200-million a year, and textiles, whose turnover will top R100-million this year.

Tongaat has forecast earnings of a share of over 100c in the current financial year, which ends in March, against last year's 89c.

"A revised forecast will be made in November in the interim report, but it is clear that the two expanded divisions will be making a material contribution to group results," Reuter.
Sugar moves over

While C G Smith and Harlerys have been in the headlines over the recent Barlow-Anglo sugar interest reshuffle, the other major group in the industry, Tongaat, has been pushing ahead with its own vigorous diversification programme.

Part of the need to diversify has been to achieve its objective of a 25% annual earnings increase. But, with the recent droughts in Natal still taking their toll, it also seems a most opportune time to be lessening dependence on sugar.

It is expected that for some years sugar will contribute only about 15%-20% of group profits (dependent on farming conditions). The emphasis has, therefore, shifted to strengthening the other operating divisions, in particular food & feeds and textiles. Since the start of the present financial year in April, food & feeds have been boosted by no less than five acquisitions. The most recent is the purchase from Unilever SA of Natal Oil Products for R10m, bringing total new investment in the division this year to R35m. Other buys have included a Natal trout farm, an asparagus farm & cannery, the H. Lewis milling and food processing group, and Isando Milling.

Because of the rapid expansion of this division, chairman Chris Saunders has announced the formation of Tongaat Foods & Feeds as a holding company. Tony Crosby, ex MD of Kohler will run TFF, but management of the individual foods and feeds companies will continue unchanged.

Divisional turnover of R200m has been forecast for the current year, which will represent about 40% of group sales. Its expected profit of R6m, however, represents only about 22% of group earnings. This seems to be one reason why it is increasing product spread with a number of high-profit lines so as to improve return on sales.

Another division on the acquisition trail is textiles, which took over the sole SA manufacturer of indigo denim cloth, Hobbex, earlier this year. The purchase took the group into the "male" sector of the textile industry, to complement the female orientation of Whitehead's. Thus, a highly profitable division is expected to earn around R10m in the current year on sales of about R100m, contributing up to 40% of total group profit.

So although it will take some time before investors think of Tongaat as anything other than a sugar producer, its profile is altering almost while they watch. And there is no doubt that its growing strength in new markets will be good for the share price.

Currently at R20c, it yields a prospective 4.9%, which is about one percentage point less than the market average. But in view of the rapid expansion of activities, there is no suggestion that this premium rating will not be maintained.
Three firms plan merger

CAPE TOWN—Interests of three companies—Naskor Mynhou (Pty), Seeland Mynhou (Pty) and the Trans Hex Beleggings (Pty) group—would be merged into a single company, subject to shareholders' approval.

Partnership in Mining, a member of the Rembrandt group, would hold marginally more than 50 percent in the new company.

It was also announced here yesterday that the parties would consider applying for a listing of the shares in the merged group on the Johannesburg Stock Exchange.

In terms of the proposals, Naskor shareholders will receive 195.60 cents per share in cash plus 50 shares in the merged group for every 100 Naskor shares held.

Seeland shareholders will receive 175.50 cents per share in cash plus 45 shares in the merged group for every 100 Seeland shares held.

Trans Hex shareholders will receive 133.50 cents per share in cash plus 30 shares in the merged group for every 100 Trans Hex shares held.

The shareholders of the abovementioned companies will also receive an interim dividend before October 31, which, together with the above revaluation, results in a total value per share of Naskor R4.10 cents; Seeland R3.75 cents; Trans Hex R3.91 cents—(Sapa)
TOLLGATE

Emergency exit?

For a capital-hungry operation like bus company Tollgate, running a financing company, no matter how successful, has always seemed a bit strange. Periods of severe inflation exacerbate this and it was no surprise that the group started divesting itself of its financing operations last year. Athlone Trust was sold in fiscal 1980 for R25m, giving a capital profit of R1.9m.

Now the group seems to have struck an equally satisfactory bargain with Finansbank, though the benefits are obviously not all inclined towards Tollgate.

Finansbank is to pay R25m cash for Tollgate’s entire instalment credit division, Golden Arrow Finance, General Leasing and Macro Leasing International. According to Tollgate’s last annual report, the leasing and finance division has a high rate of repeat business. This explains the small premium Finansbank has been prepared to pay.

Tollgate’s net asset value is to increase by 6.8c a share as a result of the sale meaning that goodwill of R750 000 was agreed on. Tollgate says the transaction will have the effect, on an immediate basis, of reducing earnings by 9.5% or 6.5c per share. The operative word here is immediate, as no account is taken of interest or earnings on the cash to be received from Finansbank.

As the accounts do not break down employment of capital and divisional returns, it is not possible to analyse the possible earnings effect of the reallocation of the R25m. But the demands of the bus and transport division, in a climate of expectant higher interest rates, is such that the question is possibly an academic one. Just to keep going, for instance, the replacement of buses and equipment was destined to cost the company R10.6m in June this year.

The reading of this development should not be confined to financial implications. It now appears the group is more likely than ever to be approachable by serious buyers of Sheld Insurance. Though there may be some benefits related to internal insuring for buses, it is unlikely that the margin is sufficiently wide to warrant maintaining the capital required in the insurance side. The gross assets of the insurance operation now total close to R1bn.

It may well be a return-on-capital related exercise but Tollgate, through the pressures of ever-higher costs of transportation, is having to become more of a pure transport group than was obviously envisaged in the 1970s.

A likely scenario now, the M & R but notwithstanding, is that Tollgate will itself satisfy the diversification ambitions of some other company. Jan Pickard’s group, in fact, has owned that it has plenty of cash and may look at Tollgate’s net worth.

Jan Muir
LIBERTY Life Association has acquired 975,000 shares in Sun Life Assurance Society of the UK through a wholly owned British subsidiary.

Liberty’s stake in Sun Life represents 10.2% of the issued equity.

The acquisition is intended to be a long-term investment and was acquired for about £15 million.

Sun Life is listed on the London Stock Exchange. On December 31, 1979, Sun Life had assets of about £110 million and premium and investment income of £25 million for the 1979 financial year.

As a result of the acquisition, Liberty Life will be the largest single shareholder in Sun Life. Liberty does not intend participating in the direction or management of Sun Life.
Afcol leaps ahead of last year at halfway

By DAVID CARTE
Deputy Financial Editor

Afcol, the furniture and upholstery group in the SA Breweries stable, virtually trebled profits in the six months to the end of September. The group earned and paid more in its first half than all of last year.

Turnover soared 59% to R100 837 000, pre-tax profit 279% to R15 615 000 and taxed attributable profit 172% to R13 859 000.

Earnings a share were 170% better at 94c (17/9 '92, 33c) and, with cover constant at 2, the interim dividend was raised in line to 20c (11c).

The full year's earnings last year were 57,6c and the dividend 20c.

The furniture subsidiaries contributed 58,8% (65,1%) of taxed profit and equity accounted associates and non-furniture companies the balance of 41,2% (34,9%).

This means the non-furniture interests did even better than the furniture interests.

The company attributes the group's "dramatic achievement" to an exceptional performance by the non-furniture interests and improved productivity resulting from greater capacity utilization.

Increased demand in the furniture and building sectors from January 1981 aided capacity use. Streamlining the product range added to capacity and profits.

On prospects, the joint managing directors, Mr A Berger and Mr J V Kirtley, say "it would be unrealistic to expect the same rate of improvement in earnings in the second half against a substantially higher base of comparison."

Mr Berger tells me Afcol still has unused capacity to put to profitable use.

COMMENT: Perhaps second-half earnings will not be 170% better than the 33c earned last second half, but the consumer boom seems set to continue through the festive season.

With this and further capacity utilization running in the company's favour, there is little doubt Afcol will add more than 35c in the second half. This is to suggest an improvement of 14% — the inflation rate.

This suggests minimal total earnings of 100c and a total dividend of 50c at the year end — an improvement of 74% odd.

These conservative figures would put the counter at 80c, on a prospective PE of 6.8 and yield of 7.3%. The price must go higher.
Putco shares up 300 pc since break-up report

By Tony Dungan and Geoff Shuttleworth

Speculators have driven up the price of Putco shares on the Johannesburg Stock Exchange by nearly 300 percent over the past two months following a report in The Star that the Government was to step in and order the break-up of the transport conglomerate.

The shares now stand at 380c, compared with the range of 130/140c during July.

Reports on the break-up of the company into four regional companies — a proposal put to Mr Albino Carloo, managing director of Putco, by the director general of the Department of Transport, Mr A. B. Ekins, — appeared in The Star last month and led to speculation that the Government might take a direct stake in Putco.

The transport giant, which moves one million passengers a day, is controlled by the Carloo family, which holds 54 percent of the shares.

Putco's net asset value — the theoretical breakup price of the company — is much higher than the JSE share price. The value is 1826.5c per share — an increase of more than 700 percent in five years.

The Government's move to break up Putco is a result of the substantial amount of money the Department of Transport wants into the company each year in the form of subsidies — R40-million this year alone.

The Government must protect the taxpayer's investment in Putco, Mr Ekins said, when he told The Star of his recommendation to the company that it break up.

Putco has yet to make a final decision on the proposals put by the Department of Transport.
Salient features from the Directors’ Report

The Company earned a profit after taxation of R19 123 000, compared with R23 070 000 in the 1979 financial year, and its net earnings per share rose to 456 cents (1979: 279 cents) of which 280 cents (1979: 150 cents) were declared as dividends. Consolidated profit attributable to members rose by R15 041 000 to R33 074 000 and earnings per share increased by 65% to 988 cents. The growth in the earnings was attributable to higher dividend payments received from the Group’s gold mining investments, significantly improved profits of our industrial companies and increased profits on investment transactions.

A table showing the profit after taxation attributable to members earned from the principal spheres of interest in which the Company is interested is set out below:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Gold mining</td>
<td>41 29</td>
<td>20 28</td>
<td>48 30</td>
<td>77 29</td>
<td>142.37</td>
<td></td>
</tr>
<tr>
<td>Other metals and materials</td>
<td>31 22</td>
<td>47 32</td>
<td>29 18</td>
<td>74 28</td>
<td>6.0</td>
<td>18</td>
</tr>
<tr>
<td>Engineering</td>
<td>2.50</td>
<td>3.23</td>
<td>2.81</td>
<td>3.71</td>
<td>14.17</td>
<td></td>
</tr>
<tr>
<td>Food and packaging</td>
<td>3.33</td>
<td>3.32</td>
<td>3.20</td>
<td>2.24</td>
<td>60.23</td>
<td></td>
</tr>
<tr>
<td>Building and allied industries</td>
<td>0.43</td>
<td>0.33</td>
<td>0.43</td>
<td>0.92</td>
<td>6.04</td>
<td>1</td>
</tr>
<tr>
<td>Profit attributable to ordinary shareholders</td>
<td>14 120</td>
<td>14 62</td>
<td>10 101</td>
<td>26 100</td>
<td>34.5</td>
<td>100</td>
</tr>
</tbody>
</table>

In the light of the current prices of copper and iron, the board felt it prudent to write-down the Company’s investment in Prova Copper Mines (Proprietary) Limited and an amount of R1.5 million has been provided in the accounts for this purpose.

Mining Investments

MIDDLEWITWATER (WESTERN AREAS) LIMITED

Mining exploration, finance and investment company

<table>
<thead>
<tr>
<th>From consolidated financial statements</th>
<th>Year ended 30 June 1980</th>
<th>1979</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit after taxation</td>
<td>14 143</td>
<td>7 246</td>
</tr>
<tr>
<td>Earnings per share</td>
<td>14 143</td>
<td>7 246</td>
</tr>
<tr>
<td>Dividend per share</td>
<td>65.0 cents</td>
<td>55.0 cents</td>
</tr>
</tbody>
</table>

Increased profit on realisation of investments and higher dividends from gold mining investments accounted for most of the increase in profits. At 4 September 1980 the market value of listed investments had risen to R20.5 million. Exploratory expenditure for the year was R2.4 million and it is estimated that a similar amount will be spent in the current year.

HARTESBEESTONTEIN GOLD MINING COMPANY LIMITED

Gold, uranium and sulphuric acid producer

<table>
<thead>
<tr>
<th>Year ended 30 June 1980</th>
<th>1979</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>R4 258 852</td>
</tr>
<tr>
<td>Profit after taxation</td>
<td>R1 096 000</td>
</tr>
<tr>
<td>Earnings per share</td>
<td>R1 096 000</td>
</tr>
<tr>
<td>Dividend per share</td>
<td>R1 025 000</td>
</tr>
</tbody>
</table>

The average price received during the year for gold sold increased by 27% to $500 per ounce and resulted in net earnings rising strongly from R48 million in 1979 to R123 million in 1980. As a result of the higher gold price, profitability in the north-western area has improved and this area will support a greater quantity of ore that had previously been expected. Alternative methods of handling this ore are being considered, one of which involves an additional shaft from surface. In 1981 it is planned to mill 2.9 million tons of ore at a recovery grade of about 11% gold. Capital expenditure will remain high and further escalation in costs is expected. Profits will therefore depend on the gold price and the extent to which costs can be contained.

ZANDPAN GOLD MINING COMPANY LIMITED

Investment company

<table>
<thead>
<tr>
<th>Year ended 30 June</th>
<th>1980</th>
<th>1979</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit (no tax payable)</td>
<td>22 554</td>
<td>8 748</td>
</tr>
<tr>
<td>Earnings per share</td>
<td>175.2 cents</td>
<td>61.2 cents</td>
</tr>
<tr>
<td>Dividend per share</td>
<td>172.0 cents</td>
<td>60.0 cents</td>
</tr>
</tbody>
</table>

The company’s main asset, its shareholding in Hartesbeeston Gold Mining Company Limited, remained unchanged. Income from the investment in Hartesbeeston was R22.5 million and dividend payments totalling 173 cents (1979: 67 cents) per share were made to members.

LORAINNE GOLD MINES LIMITED

Gold producer

<table>
<thead>
<tr>
<th>Year ended 30 June</th>
<th>1980</th>
<th>1979</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit (no tax payable)</td>
<td>55 916</td>
<td>66 505</td>
</tr>
<tr>
<td>Earnings per share</td>
<td>12 67</td>
<td>4 005</td>
</tr>
</tbody>
</table>

Underground development has been increased to create additional tonnage. This has resulted in a lower ore output from underground and the total tonnage of ore sent to the shaft. The dump value is lower than that of underground ore, and the grade has dropped from 5.5 to 3.5 g/t. The tonnage from the shaft is expected to be 50% of the total in the current year.

EASTERN TRANSVAAL CONSOLIDATED MINES LIMITED

Gold mining, farming and forestry

<table>
<thead>
<tr>
<th>Year ended 30 June</th>
<th>1980</th>
<th>1979</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit (no tax payable)</td>
<td>29 581</td>
<td>14 588</td>
</tr>
<tr>
<td>Earnings per share</td>
<td>10 032</td>
<td>6 015</td>
</tr>
<tr>
<td>Dividend per share</td>
<td>172 cents</td>
<td>4 015</td>
</tr>
</tbody>
</table>

Revenue increased from R15 million to R29.5 million due to the average gold price received rising from $257 per ounce in 1979 to $328 per ounce in 1980. Pre-tax profit, despite a sharp rise in working costs, increased by some R12 million to R19.5 million.

VILLAGE MAIN REEF GOLD MINING COMPANY (1984) LIMITED

Gold producer

<table>
<thead>
<tr>
<th>Year ended 30 June</th>
<th>1980</th>
<th>1979</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit after taxation</td>
<td>4 355</td>
<td>3 581</td>
</tr>
<tr>
<td>Earnings per share</td>
<td>1 478</td>
<td>998</td>
</tr>
</tbody>
</table>

The increased profit followed higher prices received for gold sold. Gold sales have increased from 500,000 oz at 1979 prices to 600,000 oz at 1980 prices. The price of gold rose from $257 to $328 per ounce. The mining costs have increased due to higher production and the cost of transporting ore to the mill. The mill has increased its capacity and is now operating at full capacity.
subsidary, Feralloys Limited, was R17.1 million (1978 R18.5 million). Capital expenditure amounting to R8 million (1978 R15.6 million) was incurred by the company in expanding manganese production and improving employee housing. While at Feralloys R1.7 million (1978 R800 000) was spent mainly on replacement items. Capital expenditure during 1980 on the company’s mines and at Feralloys is estimated at R9 million.

CONSOLIDATED MURCHISON LIMITED
Producers of antimony concentrates

<table>
<thead>
<tr>
<th>S months to</th>
<th>Year ended 30 June 1980</th>
<th>31 December 1979</th>
</tr>
</thead>
<tbody>
<tr>
<td>(unaudited)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Turnover</td>
<td>13 021</td>
<td>24 406</td>
</tr>
<tr>
<td></td>
<td>5 506</td>
<td>7 525</td>
</tr>
<tr>
<td>Earnings per share</td>
<td>40 cents</td>
<td>115 cents</td>
</tr>
<tr>
<td>Dividend per share</td>
<td>50 cents</td>
<td>100 cents</td>
</tr>
</tbody>
</table>

Demand for antiomy concentrates was reasonably firm during 1979 and sales increased. Sales of concentrates during the first half of 1980 were maintained at about the same level as those in 1979. There has, however, been a sudden and significant decrease in demand for antiomy oxide from traditional customers and sales volumes in the third quarter of 1980 will be severely affected.

ANGLO-TRANSVAAL COLLIERIES LIMITED
Investment company

<table>
<thead>
<tr>
<th>Year ended 30 June</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
</tr>
<tr>
<td>1979</td>
</tr>
<tr>
<td>R000</td>
</tr>
<tr>
<td>R000</td>
</tr>
</tbody>
</table>

| Profit after taxation | 2 553 | 1 238 |
| Earnings per share    | 149 cents | 71.9 cents |
| Dividend per ordinary share | 148 cents | 71.1 cents |

The increase in profits was attributable to higher dividend income received from the company’s investment in Watbank Colliery Limited.

Industrial Investments

ANGLO-TRANSVAAL INDUSTRIES LIMITED
Industrial investment and finance company

<table>
<thead>
<tr>
<th>Year ended 30 June</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
</tr>
<tr>
<td>1979</td>
</tr>
<tr>
<td>R000</td>
</tr>
<tr>
<td>R000</td>
</tr>
</tbody>
</table>

| Turnover   | 655 467 | 494 745 |
| Profit after taxation | 45 258 | 30 791 |
| Earnings per share    | 186 cents | 125 cents |
| Dividend per share   | 34 cents | 24 cents |

The upswing in the economy which commenced in the 1979 financial year has escalated sharply during the past year and buoyant conditions were experienced in both the consumer and capital goods sectors. There is still considerable buoyancy in the economy and the current year should show further increases in profits.

SOUTH ATLANTIC CORPORATION LIMITED
Industrial holding company

<table>
<thead>
<tr>
<th>Year ended 30 June</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
</tr>
<tr>
<td>1979</td>
</tr>
<tr>
<td>R000</td>
</tr>
<tr>
<td>R000</td>
</tr>
</tbody>
</table>

| Turnover   | 821 511 | 265 203 |
| Profit after taxation | 13 908 | 11 885 |
| Earnings per share    | 75 cents | 60 cents |
| Dividend per share   | 25 cents | 19 cents |

All the companies in the group are expecting to improve their profits in the current year. The activities of the group’s subsidiaries, Irvin & Johnson Limited, T W Beckett and Company Limited, Cerebos Food Corporation Limited, Globe Engineering Works Limited and Concentra Limited are reviewed below.

IRVIN & JOHNSON LIMITED
Food processor and distributor

<table>
<thead>
<tr>
<th>Year ended 30 June</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
</tr>
<tr>
<td>1979</td>
</tr>
<tr>
<td>R000</td>
</tr>
<tr>
<td>R000</td>
</tr>
</tbody>
</table>

| Turnover   | 199 554 | 163 940 |
| Profit after taxation | 6 459 | 5 841 |
| Earnings per share    | 22 cents | 20 cents |
| Dividend per share   | 11 cents | 9 cents |

Although total sales value showed a 22 cents increase over 1979, costs rose at a greater rate and net earnings reflected an improvement of only 11 cents in the year. It is expected that the coming year will show a substantial profit improvement, provided that costs beyond the company’s control are not excessive.

T W BECKETT AND COMPANY LIMITED
Packers and distributers of tea and coffee

<table>
<thead>
<tr>
<th>Year ended 30 June</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
</tr>
<tr>
<td>1979</td>
</tr>
<tr>
<td>R000</td>
</tr>
<tr>
<td>R000</td>
</tr>
</tbody>
</table>

| Turnover   | 66 270 | 56 007 |
| Profit after taxation | 4 023 | 2 955 |
| Earnings per ordinary share | 67 cents | 49 cents |
| Dividend per ordinary share | 51 cents | 23 cents |

The company was able to take full advantage of the improved economic conditions in the country and enjoyed record sales in all the main sectors of its market. In order to meet anticipated demand a substantial amount of capital expenditure is being undertaken at the company’s Isando works and provided the adverse effects of inflation are contained, improvement in profits are expected during the current year.

CEREBOS FOOD CORPORATION LIMITED
Manufacturer and distributor of foodstuffs

The business of Food Corporation (Pty) Limited, which was a wholly-owned subsidiary of South Atlantic Corporation Limited, was merged with that of Cerebos (Africa) Limited with effect from 1 December 1979 and South Atlantic now owns 55 percent of the merged operations. A taxed profit of R219 000 was earned for the 11 month period ended 30 June 1980. However, during the last quarter of the year, financial results were more encouraging and it is expected that the current year’s profit will show that the decision to merge was justified.

GLOBE ENGINEERING WORKS LIMITED
Machine, electrical and general engineer

<table>
<thead>
<tr>
<th>Year ended 30 June</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
</tr>
<tr>
<td>1979</td>
</tr>
<tr>
<td>R000</td>
</tr>
<tr>
<td>R000</td>
</tr>
</tbody>
</table>

| Profit after taxation | 2 375 | 1 900 |
| Earnings per ordinary share | 71 cents | 51 cents |
| Dividend per ordinary share | 55 cents | 27.5 cents |

Results from marine-related activities showed a satisfactory improvement over those of the previous year. These, however, were partially offset by the losses of JAMES BROWN & HAMER LIMITED, a position which was aggravated by the protracted negotiations for the sale of this subsidary and the resultant uncertainty as to its future. The sale was confirmed in September 1980. The profit of SHIPWRIGHTS AND ENGINEERS HOLDINGS, LIMITED improved slightly and although marine turnover increased, work from the mining and industrial sectors was lower.

CONCENTRA LIMITED
Producer of white fishmeal

The effects of higher tonnages of raw material processed and better realisations from export sales are reflected in an improved profit after taxation of R375 000 (1979 R320 000). Although there has been a downward trend in available fishmeal, the position is expected to recover in the summer months and a similar level of profit is projected for the current year.

Financial Mail November 7 1980

670
CONSORTIUM GLASS WORKS LIMITED
Manufacturer of glass, plastic and corrugated board packaging, and of glass tabletops, and a producer of industrial silica sands

From consolidated financial statements Year ended 30 June 1980 1979
Turnover 114 300 86 000
Profit after taxation 12 415 8 555
Earnings per share 200 cents 138 cents
Dividend per share 75 cents 40 cents

Demand for the group's products was buoyant and sales volumes increased markedly. The higher turnover, together with further productivity gains and ongoing cost containment, contributed to profit growth. Prospects for further growth in the current year are favourable. In order to meet projected demand for glass packaging, a new glass container plant is being erected at Olifantsfontein. The initial phase is estimated to cost R35 million and the second phase, planned for 1983, will cost a further R16 million, all of which will be financed by the company.

NATIONAL BOLTS LIMITED
Manufacturer of industrial fasteners

From consolidated financial statements Year ended 30 June 1980 1979
Turnover 31 040 39 449
Profit after taxation 5 547 1 992
Earnings per ordinary share 75 cents 40 cents
Dividend per ordinary share 25 cents 16 cents

With an upturn in demand, turnover rose 29 per cent. The greater throughput enabled plant utilisation and production efficiencies to increase, and, with continued cost control, profit improved substantially. The group has embarked on a major plant modernisation programme to improve its competitive position. In present market conditions a further increase in turnover and profit is anticipated in the current year.

STEEL METALS LIMITED
Engineering supplier and contractor

From consolidated financial statements Year ended 30 June 1980 1979
Turnover 49 200 38 995
Profit after taxation 2 992 1 475
Earnings per share 113 cents 70 cents
Dividend per share 35 cents 27.5 cents

Demand for both capital and non-capital goods escalated markedly and a record turnover was attained. Profit from marketing and contracting operations was strongly but was somewhat offset by a loss on the group's new activities of hiring out plant. Measures have been taken to rectify this, and with ongoing buoyant demand, a further improvement in results is expected in the current year.

CLAIRE NEON LIGHTS (SA) LIMITED
Manufacturer and lessor of advertising signs

From consolidated financial statements Year ended 30 June 1980 1979
Turnover 85 192 65 684
Profit after taxation 6 619 3 152
Earnings per share 22.0 cents 10.5 cents
Dividend per share 11.5 cents 7.5 cents

The substantial increase in consumer spending led to a sharp escalation in advertising budgets and the company benefited from the resultant rapid improvement in demand for new signs. Benefits were gained from improved efficiencies and unit cost savings stemming from fully loaded facilities. In addition, the company obtained a full year's benefit from the Valiant sign rental contracts acquired in the previous year and from the introduction of the Identico outdoor sign concept. Although demand has not slackened, profit growth in the current year is expected to return to more normal levels.

DENVER METAL WORKS (PROPRIETARY) LIMITED
Producer of non-ferrous castings, extrusions and stampings

Demand for the company's products improved during the year and turnover increased appreciably. This, together with the acquisition of the business of Proton Scrap Metals (Pty) Limited in November 1979, enhanced results and consolidated taxed profit increased from R1.1 million in 1979 to R1.7 million in 1980. Work has commenced on the erection of a new factory at Boksburg to which all operations will be transferred. This move from the present cramped premises will enable the company's activities to be expanded.

SOUTH AFRICAN FINE WORSTEDS (PROPRIETARY) LIMITED
Manufacturer of fine quality worsted cloth

The benefits of increased production and further market penetration in worsted cloth resulted in an increase in sales of 27 per cent, compared with the previous year, and a profit after taxation of R1.9 million (1979 R1.6 million). During the year the company acquired a 70 per cent interest in Universal Knitters and Weavers (Proprietary) Limited and the results of that subsidiary's operations have been satisfactory and encouraging. Consolidated taxed profit for the year was R2.4 million. Further progress both in the worsteds and curtaining markets is expected during the current year.

TRISTEL HOLDINGS (PROPRIETARY) LIMITED
Steel merchant

Trading conditions were buoyant but prices remained keen. Domestic and export sales increased substantially and, together with economies of scale associated with the larger tonnages, resulted in taxed profit increasing to R3.6 million (1979 R2.5 million). A further profit improvement is expected in the current year.

E. L. ROGOFF LIMITED

This company has now ceased trading preparatory to a voluntary winding-up. Revenue was derived mainly from the collection of outstanding commissions and interest received on funds on deposit. Taxed profit for the year, before extraordinary items, amounted to R188 000 (1979 R20 000 loss).

COMBINE CARGO INVESTMENTS LIMITED
Clearing, forwarding and shipping agency

As part of the planned growth of the group's forwarding and clearing activities, operations were combined with those of Glenn Forwarding Limited with effect from 1 July 1979 and the company now owns 51 per cent of the enlarged operations. Profit after taxation for the year was substantially higher at R571 000 (1979 R16 000) and although further market penetration is expected in the current year, the impact of taxation will result in reduced after-tax profits for 1981.

ANGLO-ALPHA LIMITED
Cement, lime, industrial minerals and stone as 'regale producer

Six months ended 30 June 1980 1979
From consolidated financial statements (unaudited) R000 R000
Turnover 85 192 65 684
Profit after taxation 6 619 3 152
Earnings per share 22.0 cents 10.5 cents
Dividend per share 11.5 cents 7.5 cents

Group taxed earnings for the first six months to 30 June 1980 have shown a 110 per cent improvement over the same period last year which was, however, a particularly low-activity period in the construction industry. All main divisions in the group have reported improved profits, the cement division being the major contributor due to the strong upsurge in the building and construction sector. Group earnings for the second half of 1980 are expected to reflect a further improvement on those achieved in the first half, but the percentage improvement for the year as a whole will not be as high.
Tavistock gets R7.5m for Keens

By JOHN MULCAHY

TAVISTOCK Collieries has sold its entire holding in wholly-owned subsidiary Keens Electrical to Keens managing director, Mr Peter Lewis, for R7.5 million, and he in turn has sold 78% of the shares to Renne Manufacturing Holdings at no profit.

Keens will form part of the expanding trading division of Rennies, providing the opportunity of developing further agency and distribution activities in South Africa through the exploitation of the strong connections held by Rennies' holding company, Jardine Matheson & Company.

Tavistock acquired 56% of Keens in 1954, and in 1972 acquired a further 26%, taking the remaining 25% of the electrical distribution company in 1976. At the time, the coal market's prospects were hardly encouraging, and Tavistock's management considered it desirable to diversify, and so shore up the embattled coal mine.

According to a Tavistock spokesman, the improved outlook for coal has allowed the company to take a closer look at its investment in Keens - it's only non-coal trading operation. It is held that the capital tied up in the electrical subsidiary can be better employed in expanding the mining operation - although the funds have not yet been earmarked for any specific purpose within Tavistock.

Tavistock retains the properties on which the Keens outlets are situated - these are leased to the trading company, and no decision has been taken on the future of these holdings, but for the time being the lease agreements will remain.

The cost of Tavistock's investment in Keens amounts to R3.161 million and for the year to June 30 its taxed profit was R1.398 million on turnover of R240 million. The company's total taxed profit for the year was R15.94 million on turnover of R585 million.

This is an unusual diversification for Rennies, as its trading division encompasses the manufacture of footwear, sportswear and luggage, processing and distribution of liquor, wholesale merchandising through Makro and JW Jagger, and the Holiday Inn chain of hotels. The Keens group will, however, operate largely as it has been, with Mr Lewis remaining as managing director for five years in terms of a service contract.

Whether the move into electrical distribution represents a major move into a new sector by Rennies remains to be seen, but it seems likely that with the financial muscle of Rennies behind it, Keens will be in a position to take advantage of opportunities in allied fields.

The indication that Keens will use the Jardine connection to further its aims is a sign that the export-import side of the business will be developed. According to Rennies, the Keens acquisition will have no material effect on earnings for the current year or on net asset value a share.

The Tavistock directors express similar sentiments concerning earnings and NAV, but the major consideration in this case is when, and in which areas, the move intends using the proceeds of the sale. It may well be used to finance current capital programmes, but is more likely to be put to use to earn returns at least equivalent to those provided by the Keens operation.

The consideration is payable by R7.5 million in cash immediately, and the balance on June 30, 1969, also in cash.
Egoli to raise R3.5m from rights

By JOHN MULCAHY

EGOLI Consolidated Mines has acquired Johannesburg Exploration & Mining Company and West Witwatersrand Mineral & Mining Corporation for an effective R3 500 000.

In addition to the acquisitions, Egoli is proposing a rights issue to raise R3 529 729 for building and operation of a gold recovery plant on the West Rand, facilitating the exploitation of the assets of West Wits.

Egoli’s directors propose a final dividend for the eight months to February 28 and on the increased share capital of at least 7c. In August the company declared an interim dividend of 7c. The final dividend will be paid in May next year.

In terms of the rights offer, Egoli will issue six linked units at a price of R4.50 a unit, for every 100 existing ordinary and deferred ordinary Egoli shares held. The linked units will comprise three new ordinary shares at R1.50 each, and two options, each entitling the holder to subscribe for one ordinary share on July 29, 1983, at R2.50 a share.

West Wits’ assets include an agreement with Randfontein Estates to process 40 000 tons of gold-bearing material with an in situ grade of 1.13 grams a ton from certain of their dumps, until December 31, 1985, and the right to treat three dumps containing about 473 000 tons of material with an average grade of 0.77 grams/ton.

Egoli gains ownership of freehold land of 29 hectares of the farm Waterfall 174 1Q and adjoining Randfontein Estates, with an estimated value of R100 000.

Johannesburg Exploration’s assets include the right to retain possession of and to treat a dump situated on the farm Daggfontein No 125 IR, which contains more than 20-million tons of material with a gold content of around 0.6 grams/t, and a uranium content of around 100 grams a ton.

Neither the acquisition nor the rights issue is expected to affect Egoli’s short-term earnings as projected previously, say the directors, as before the phenomenal increase in the price of gold, which should occur on the latter part of 1983.

In a separate statement, Randfontein Estates notes that the agreement with West Wits stipulates that the latter will be entitled to remove up to 40 000 tons a month from the dumps, and pay Randfontein a royalty of 50 cents per ton, calculated according to a formula which takes account of the actual gold price received, and the cost of treatment.

The sand dumps and slimes dams forming the bases of the agreement are mainly surface accumulations from previous treatment plants, surplus to Randfontein’s current requirements. According to Randfontein’s directors, the treatment of these accumulations will expedite the realization of dormant company assets and at the same time clear real estate for industrial development.

All residues resulting from the retreatment will belong to Randfontein Estates, and will be deposited on current slimes dams operated and owned by that company.
Financial Reporter

THE long-predicted merger between Amaprop and Sorec — the two big but battered property companies in the Anglo American empire — is to take place to create a R257-million new grouping.

It will mean an Amaprop take-over of Sorec.

Amaprop, Anglo American Properties, is to consolidate its shares on a 1-for-4 basis.

Sorec shareholders will then be offered one new Amaprop share for each Sorec share.

On a market price basis this has attractions for Sorec holders since Sorec closed yesterday at 225c on the Johannesburg Stock Exchange and Amaprop at 68c.

A 16c dividend for the enlarged Amaprop is forecast for the 1981-82 year.

Amaprop shareholders will get a 4c payment before the merger.

Amaprop yesterday announced a profit of R26.5 million before extraordinary items for the six months to September 30.

revenues and reduction in interest as loans are repaid.

A statement accompanying the Amaprop half-year figures says: "Profits for the full year should show a marked improvement over the March 1980 figure of R65 million."

Sorec says: "The 85% improvement in profits is due to the receipt of additional revenue in an improved letting climate."

The announcement of the Amaprop take-over of Sorec says Amaprop is to merge with Sorec.

Sorec shareholders will receive one Amaprop share for each Sorec share after the current Amaprop shares have been consolidated on a 1-for-4 basis.

As part of the proposals, Amaprop's share capital will be simplified with the present preference and deferred shares converted to ordinary shares.
Barclays, Bowring merger

Barclays and CT Bowring of London

The chairman will be Mr D G Nicholson, the deputy chairman, Mr I G MacPherson and the managing director Mr K G Palmer. Others on the board are Mr A R Aldworth, Mr J M P Demmler, Mr E C Dunbar, Mr J C Ingles, Mr M W King and Mr J K Shipton.

Mr E C Dunbar, present managing director of Biba, has been appointed deputy managing director of the operating company until his retirement to assist in implementing the merger.

A statement by the parties says the merger will set up a unique group with worldwide connections through the international Bowring and Marsh and McLennan groups as well as the national spread of Barclays branches.

Main benefits of the deal to Barclays are that it obtains management, an international spread and greater penetration in the short-term market. Bowring gains access to Barclays branch network and its penetration on the life side.

The deal also suits Anglo, which has held significant stakes in both Barclays and CT Bowring and is on a rationalisation drive.
Barlows expects a further earnings growth

Mercury Correspondent

JOHANNESBURG—Barlows expects further earnings growth in the current year, 'but certainly not at the 1980 rate', says the executive chairman, Mr Michael Rosbolt, in his annual report.

Mr Rosbolt says Barlows' order books are satisfactory and business continues to be 'very good'.

But he warns that the 'ferro-alloy and stainless steel division faces a difficult 1981 after an 'outstanding' 1980.

Results this year, he adds, will also be standing comparison with very strong performances in 1979 and 1980, in which earnings doubled. Results, he said would, to a large extent, mirror the national economy.

He agreed with the widely-held view that recent growth rates could not be sustained but forecasts of a 5 percent real growth rate for the economy, he said, 'seem reasonable'.

Barlows nevertheless had confidence in the longer-term future and planned to spend R115m in the next five years.

Major items

The major items would be R115m at Middelburg Steel, R86m in the cement and lime division and R50m in the mining division.

Of the latter, R80m was to be spent on East Rand Proprietary Mines and R50m on the Rand Mines Properties sands project.

This capital expenditure programme would be funded from loan facilities already arranged, retained earnings and the recent ERPM rights issue.

The year under review saw the 'very significant' acquisition of a controlling interest in CG Smith and Co and its subsidiaries.

Following on the sale of Barlows' stake in Ruhettas, Barlows ended up with 53 percent of the reconstituted CG Smith group.

Packaging

The effect of these transactions, says Mr Rosbolt, 'was to lighten CG Smith's investment in sugar and to strengthen its stake in the packaging industry'. The injection of R59m of cash, he adds, 'will considerably increase its investment capacity'.

On sugar, the directors report that 'Heavy spring rains have broken the drought and arrested further deterioration of the 1981/2 cane crop'.

'Given normal summer weather, there should be an increase in group and industrial production'.

'With the world sugar price currently in the region of £390 a ton and forecast to rise still further in 1981, the outlook is promising'.

The biggest contributor to operating profit was the running division, which brought in 18,3 percent, followed by packaging (12,7 percent), building materials and steel distribution (9,1 percent), cement and lime (11,1 percent), earthmoving equipment (7,6 percent), ferro-alloys and stainless steel (6 percent vs 5,1 percent), electrical and general engineering (3,9 percent vs 8,3 percent), household appliances (4,6 percent) and floor coverings and textiles (3,2 percent).
Why Duiker will stick to Eastern Gold

By JOHN MULCAHY
Mining Editor

SOURCES close to Lourdo have vigorously disputed the strong and persistent market speculation that Duiker Exploration might be on the verge of selling its interest in the Erediel-Domboshava (Eastern Gold Holdings) project.

Arguments here have been more meritorious, although it is difficult to obtain any official comment from either Lourdo or Anglo American — the major partner through Western Holdings, Welkom and Free State Sapphires.

On the one hand, it is said that Duiker has expressed its commitment to the project in the Free State on most eligible terms — its raising nearly R230 million from shareholders to finance its involvement.

A further argument in favour of Duiker’s continued involvement in Eastern Gold Holdings is that the mining holding company might wish to increase its interest in South African gold.

The other side of the coin, which also has considerable merit, and which has prompted the market response, is that Duiker should stick to what it knows best, and thus does not include gold mining the Free State.

It is committed to expanding its asbestos and chrome operations, and Duiker does not have an exactly powerful presence in the Free State Goldfields. Furthermore, it is estimated that a gold price of around R700 an ounce would be required for Erediel-Domboshava to stand on its own, and Duiker’s involvement in the project could even consider withdrawal or selling out.

It argues that Duiker shareholders would require some considerable explanation, not to mention approval, of any change in direction. There is an indication that Duiker is not too deeply involved in the project to even consider withdrawing or selling out.

The Erediel-Domboshava project, it is claimed, might qualify as a margin in Duiker’s portfolio and the raising of a considerable sum of money to finance the development might be hard pressed to match a withdrawal.

Even taking a gold price of R700 an ounce the Eastern Gold operation is unlikely to pay a dividend before 1986 on the criteria, and Duiker will remain on any investment long before the time.

What these detractors have not considered, though, is how much of a source it which the Lourdo organisation is capable of employing. The scheme does not represent an advantage which Lourdo could use to militarise the nailed Anglo pitch — gold mining in South Africa — and might certainly be more lucrative than some of its other South African ventures.
Hidden riches surprise by giant bus company

By Mike O'Sullivan
Marian Duncan and Anthony Duigan

Government moves to break up Putco, the giant transport conglomerate, have been complicated by stock exchange speculation and the company's latest bonus share issue, which has effectively increased fourfold the market value of the company.

In a dramatic move late last week, Putco issued 7.55-million bonus shares to its existing shareholders.

A recent study of Putco's accounting policies by a group of financial analysts concluded that there were several inconsistencies, which had the effect of "considerably diminishing" the company's current profits.

These accounting policies were also not acceptable to the Receiver of Revenue, according to the analysts. The Receiver had disallowed several items charged against the profits by Putco.

The company, which carries a million passengers a day, is facing a R123-million expansion programme to double its size by 1985, and it lacks the hard capital to do this.

The latest share issue, while increasing the dividend payout to shareholders by about R300,000, does nothing to introduce new capital into the company.

This share issue could be seen as a preparation for the recommended Government break-up of Putco, although the company still has not given a clear indication of its intentions.

The Department of Transport is, however, adamant that its break-up recommendation be implemented.

Putco is controlled by the Carleo family, who bought it eight years ago for less than R250,000. Today the asset value of the Carleos' share of Putco is worth more than R223-million.

If a confrontation develops, To Page 3, Col 10

Mr A Carleo, the man behind Putco.
INSURANCE BROKING

The much demned and long expected merger between Barclays Insurance Brokers (Bipsal) and Bownings eventually came to fruition last week. The new company will be called Bowring, Barclays & Associates. But happy as shareholders might be, the event does underline a trend about which upholders of free competition might have misgivings.

Bland press releases provide no real explanation for the merger. They refer to the "international clout" of SA's first "megabrokers" (although most brokers think Pricetorbes, Federale Volkskas is larger in terms of sure and premium income, estimated at R150m to the megabroker's R150m) and the "marketing opportunities of the country's biggest bank with acknowledged insurance broking skills".

The last of these reasons offers some inking of the probable rationale behind the merger.

Bipsal is one of the most rapidly expanding insurance brokers in the country, a growth which, it is most of those interviewed, owe its impetus to Barclays Bank's "encouraging" customers and underwriters to give Bipsal their business. At any rate, Bipsal's net profits rose by 432% from R54 000 in 1977 to R1.3m in 1979.

However, with only some 50% of its premium income derived from short-term business, Bipsal wants to develop its corporate insurance operations - doubts over the wisdom of mixing long- and short-term business notwithstanding. As a low profile performer, but with a well developed

...and industrial clientele, Bowring must have recommended itself to Bipsal, which reckons it can benefit from Bowring's skill and expertise.

The cherry on the cake is that Anglo American owns 50% of Bowring's (SA), 13% of Barclays Bank, which wholly owns Bipsal and, after last week's SA Eagle sale, 100% of underwriter African Eagle Life and Guarantee Life. How pleasant it must be to have giant Anglo's business assured and, as a press release admits, "the marketing opportunities of the country's biggest bank".

Moreover, there is always the group advantage of handing much of the life business Bowring, Barclays & Associates gains to African Eagle or Guarantee Life.

Three of the directors of the new broker, including chairman Guy Nicholson, are also Anglo directors (or alternates) and sit on the board of African Eagle. Nicholson is also a director of Barclays.

It is the potential and temptation for tied business which is frightening. The broker's function of finding his client the most effective cover at the lowest cost could be prejudiced by the emergence of concentrations of interest such as this one. It may be good for inter-group profits but it hardly augurs well for the future cheapness, flexibility or innovative flair of the insurance market. Of course, it is not the only association of this nature, but it could have the most extensive ramifications.

But brokers spoken to by the FM are not too concerned. They point out the merger reinforces existing associations. Instead, brokers think competition could be improved as the enlarged Bowring, Barclays gives other big brokers like Pricetorbes a run for its money, or, as Robert Enthoven's Davie Way comments, "The lucrative accounts handled by Bowring's Barclays could become more vulnerable to attacks from other brokers should size lead to a reduction in personal service.

Diluted interest

Financial Institutions Registrar Wynand Louw says the new arrangement is more satisfactory to him as Barclays no longer wholly owns an insurance broker but now has just a one-third share - albeit a broker twice the size of the old. He notes the law was amended this year to outlaw conditional selling, where a buyer is coerced in some way to purchase insurance and that he now enjoys full investigatory powers to follow up complaints of conditional selling and refer transgressions to the Attorney-General for prosecution.

But if the authorities believe that legal sanction will eradicate conditions selling, they are strangely ignorant of the subtlety of bank-customer relationships...
Argus buys Natal newspapers

**Argument**: Correspondent DURBAN — The Argus Company and Cartons have bought the weekly newspaper which has been the Highway Mail, the free weekly newspaper of the interior. The purchase includes the Newspaper and Northland News, delivered daily to the towns in the district. Distribution of the newspaper is to be increased to 50,000 copies.

Even in the face of reduced capacity for their absorption, women, however, are still eagerly to have absorbed during the 1970s.

**Employment**: The forces producing women on the labour market have been considerably greater than that in female employment. But the absolute growth in female employment has risen slightly. Since that date, the proportion of women in total employment has increased, but the predominant sector of employment is still female.

- In every other sector (except electricity, where the depletion is comparison of the two tables, would seem to suggest, yet...
Putco paid 'too much' for firm

By Tony Dulan and Mike O'Sullivan

Putco, the country's biggest operator of black transport, has paid about R75,000 for the Ferndale Bus Company but sources close to the company feel this may have been too high a price.

Ferndale, a company operating from Randburg and carrying almost 10,000 passengers a day, runs 34 buses which other operators have stated are all ageing and in need of attention.

Estimates of the buses' values range between R10,000 and R12,000 each.

Mr R Button, financial controller of Putco, refused to discuss the price paid for Ferndale.

It is understood that Ferndale runs on a non-subsidised fare which has remained constant for the past three years.

The profitability of operators of black bus services is an important consideration for the Department of Transport when it sets the subsidies each year payable to bus companies.

Increases of between 12 and 14 percent might come into effect on Putco's Pretoria bus services in the new year.

This was confirmed today by Mr Button, who said that although approval for the increases had been obtained from the Department of Transport, the proposal had yet to be approved by other interested parties such as the Department of Co-operation and Development.

He said fare increases in Johannesburg in respect of the June 1979 fuel increases had been proposed to the National Transport Commission in August and Putco was still awaiting a reply.

These proposed increases have come up against the background of an investigation by The Star which revealed several "inconsistencies" in Putco's accounting policies.

The Star also reported this week that an excess subsidy of R60,000 was being paid on two of Putco's Pretoria routes.
Giant new brick company formed

By Elizabeth Roux

A NEW force has emerged in the brick industry with the acquisition by the Pretoria Sabrix Group of the Cape Town-based Cranmil brick company. The £1.6 million purchase of Cranmil results in a group with three factories and clay reserves for more than 20 years at present rates of production.

Sources close to Sabrix say that the group is a likely candidate for a JSE listing once the expanded Sabrix-Cranmil operations are fully operational. Sabrix technical director Tom van Bommel says that output is being expanded immediately. Production will increase further after Sabrix has injected several million rand into the Cape and Pretoria plants for the installation of additional tunnel kilns and other facilities.

This will probably make Sabrix the second largest brick manufacturer in South Africa. (No one can touch the giant Cordia’s output, however.)

Sabrix, controlled by the Rubble family, was formed 10 years ago to exploit two clay deposits west of Pretoria. The company assumed prominence in the industry only in 1972 when it decided to install the largest automatic coal-fired kiln in South Africa.

By going for capital-intensive automated equipment in an industry which traditionally has a high labour cost, Sabrix was able to attain unusually high levels of productivity — a factor which made the company a good stead during the years of the building recession.

At present the brick industry has a capacity of about 3,200-million bricks a year, and, on average, the delay in deliveries is six months.

In December's issue, the conditions are more stringent.

But even that's heaven. So, net apply to woman.

When applying complete your résumé or have your résumé of three recent employers written by Résumé.

Register the applicant, with a copy of résumé and notify us of all vacancies.

- Register with a career or career bureau and notify us of all positions advertised.

In non-pre-registered agencies, applicants must also:

- Register us and our duties with the appropriate councils.

In the boundaries of the council of Territorial, the registration is conducted by the regional

The Regional Director: Address to the correspondence with Territorial co-

The General Secretary: Has a copy of the policy with the policy, while

In urban areas.

- A local newspaper or magazine, (complaints)

Of Jacquot to appreciate.

#### a) All Sectors: \( K,Y \) measured in millions of rand, 1970 prices

<table>
<thead>
<tr>
<th></th>
<th>Agriculture</th>
<th>Mining</th>
<th>Manufacturing</th>
<th>Electricity</th>
<th>Construction</th>
<th>Commerce</th>
<th>Transport etc</th>
<th>Finance</th>
<th>Services</th>
<th>All etc</th>
</tr>
</thead>
<tbody>
<tr>
<td>1971 K</td>
<td>2 403</td>
<td>1 885</td>
<td>3 174</td>
<td>2 182</td>
<td>178</td>
<td>1 702</td>
<td>4 726</td>
<td>6 479</td>
<td>7 545</td>
<td>30 274</td>
</tr>
<tr>
<td>Y</td>
<td>1 154</td>
<td>1 170</td>
<td>2 847</td>
<td>329</td>
<td>576</td>
<td>1 912</td>
<td>1 215</td>
<td>1 520</td>
<td>1 821</td>
<td>12 543</td>
</tr>
</tbody>
</table>

\[
\begin{align*}
2.08 & \quad 1.61 & \quad 1.11 & \quad 6.63 & \quad 0.31 & \quad 0.89 & \quad 3.89 & \quad 4.41 \\
1.35 & \quad 1.257 & \quad 3.342 & \quad 5.07 & \quad 0.39 & \quad 0.42 & \quad 0.41 & \quad 0.41 \\
2.11 & \quad 2.25 & \quad 1.51 & \quad 7.13 & \quad 0.39 & \quad 1.02 & \quad 4.23 & \quad 1.11 \\
\end{align*}
\]

\[
\begin{align*}
% \text{ increase in } K/Y & \quad 1.4 & \quad 39.8 & \quad 36.0 & \quad 7.5 & \quad 25.8 & \quad 8.7 & \quad 8.7 & \quad 11.1 \\
\end{align*}
\]

#### b) Manufacturing subsectors

<table>
<thead>
<tr>
<th></th>
<th>1976 K</th>
<th>Manufacturing</th>
<th>Census</th>
<th>Reserve</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food</td>
<td>717 679</td>
<td>849 507</td>
<td>0.84</td>
<td></td>
</tr>
<tr>
<td>Chemicals</td>
<td>953 378</td>
<td>1 156 606</td>
<td>0.82</td>
<td></td>
</tr>
<tr>
<td>Primary &amp; fab.mets</td>
<td>292 580</td>
<td>2 116 716</td>
<td>1.08</td>
<td></td>
</tr>
<tr>
<td>Machinery</td>
<td>379 266</td>
<td>1 041 443</td>
<td>0.36</td>
<td></td>
</tr>
<tr>
<td>Transport, equipment</td>
<td>319 248</td>
<td>564 812</td>
<td>0.57</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>1 595 530</td>
<td>2 163 022</td>
<td>0.74</td>
<td>4 643 000</td>
</tr>
</tbody>
</table>

\[
\text{(1976 prices)} \quad \text{(1970 prices)}
\]
Tollgate gets R11m for Shield arms

BY GAIL PEMBERTON

TOLLGATE has sold its insurance arm for R11 000 000. German-based Allianz Versicherungs AG has bought both Shield Insurance and Shield Life Insurance with effect from July 1, 1986.

In October, Tollgate — the R78-million Cape-based transport group — sold its credit arm Golden Arrow for R9 800 000. Thus was its second biggest profit contributor.

For the year to June, the Shield's made taxed profits of R620 000. So the sale will have had no material effect on earnings. The cash will initially be invested in short-term deposits, so may have a marginal effect on Tollgate's net asset value will be increased by 36c to 37c a share.

The net asset value of both insurance companies was R6 303 000, and they generated a premium income of about R20 000 000.

The insurance companies have not been consolidated into the group accounts, nor were any dividends received since they became wholly owned subsidiaries in 1979. This was due to the different nature of their business, say the directors.

Allianz will, according to market sources, use financial rands for the purchase if Reserve Bank permission is granted.

The purchase establishes Allianz as the first German direct insurer in SA. A spokesman for Allianz said the company saw "excellent long-term opportunities for development in the growth-oriented and dynamic South African markets".

Tollgate is not prepared to divulge how it intends to use the proceeds of this sale, those of Golden Arrow, and of some commercial properties. A small insurance interest in the UK, Tollgo Insurance, and certain insurance agencies have also been sold.

This latest deal again fuels market rumours that Tollgate is to be split up and sold off separately, or will be subject to more bids.

Mr Jan Pickard, chairman of Picardi Investments, confirms that he is "still interested. They have now done what we wanted them to do — sell the Shield Insurance arm and Golden Arrow. By selling these arms there is now cash available to offset against the risk of the bus operation. But now that they have done that they may well decide not to sell out."

Mr Pickard is reputed to have built up a stake in Tollgate.

COMMENT: It would be difficult to sell Tollgate by division, because of the political sensibility of the main profit generator, the transport side. But the group now must have a substantial cash holding.

The two sales alone have realised over R10-million, and there is reportedly a loan account worth about R15-million to Golden Arrow, which must also be considered as short-term cash, so it is possible that the group now holds nearly R40-million in cash. This makes it a much more interesting takeover proposition.

However, the directors may well decide not to sell but to diversify. Either way Tollgate at 35c — taking account only of the R29 900 000 received for Shield and Golden Arrow — has conservatively 138c in cash in the balance sheet.
Argus expansion move explained

Own Correspondent

DURBAN — The Argus group's acquisition of a major stake in a number of small local papers around Durban will broaden the Argus operating base and serve as a "profit sweetener."

This is the view of Mr Jolyon Nuttall, manager of the Daily News, Sunday Tribune, Ilanga and Post (Natal).

In an interview, Mr Nuttall spelled out reasons for the move by Argus, in partnership with Caxtons, into the small suburban newspaper market.

Argus expansion into this market has been accompanied by the Natal Mercury's launch of competing local publications.

This has given rise to speculation that a loss of national advertisements has forced the big newspaper groups to acquire small local papers in an effort to increase income from retail advertising.

Mr Nuttall emphasises, however, that at least as far as Argus is concerned, national advertising is showing a strong upward trend. Acquisition of the smaller papers is, in fact, a logical and profitable step, he says.

The expansion is being undertaken from a position of strength, not weakness, and Argus is aiming at a 25 percent annual return on capital invested in the small papers. These now include the South Coast Sun, Highway Mail, Berea News and Northglen News. The last three alone have a collective distribution of 56,000 copies.

According to Mr Nuttall, these small papers will complement the services provided by the group's other papers. The major metropolitan dailies provide a mix of international, national and local news while the Sunday papers are aimed at more relaxed reading. However, neither the major dailies nor weeklies cover the finer details of community activities — known as "parish pump news."

The latest acquisitions give Argus and Caxtons a ring of local papers from Amanzimtoti in the south to Durban North. These papers are free weeklies, with the exception of certain editions of the Highway Mail and the South Coast Sun (carrying a cover price of 10c).

In addition, Argus produces Capital News in Maritzburg.
Amicable merger

By Jean Moon

The Reunert and Lens-Barlow Rand link-up has been perhaps one of the most amicable, and mutually beneficial mergers for some time. The Reunert shareholders approved the necessary resolutions to enable it to proceed with

- Constituting the Barlow Rand Limited subgroup of companies as subsidiaries of Reunert and Lens;
- Issuing 3.75m Reunert ordinary shares to Barlow;
- Effecting the capital redemption of £675 to shareholders in Reunert. Shareholders will receive their capital redemption cheques just after Christmas. The registration books will be closed from December 12 to 19 to determine which shareholders are eligible for the redemption.
to note two things:

9 shows,

omendram’s unemployment
par where highest (metro-
there to be unemployed
in the one where earnings
been considering through-
than two sectors and in
one may imagine the
state, without refer-
every individual has
(somny by Hertz & Todorov)
and wage equals marginal-
proceeds and urban
by the proportion of
so that the expected
crosses employment
in of permanent urban

ATI set to take over Bakers

Anglo Transvaal Industries has bought a controlling interest of 51 percent in the Durban-based Bakers group, for $3.2 million which could rise to $3.5 million if all other shareholders accept the offer of 1.535c a share.

The offer is 26c higher than yesterday’s price of 1.275c for Bakers shares on the Johannesburg Stock Exchange and should enable ATI to gain total control of the company.

ATI, the holding company for Angloveld’s industrial interests, bought the 31 percent of Bakers ordinary shares from members of the Baumann family and other company shareholders.

It proposes to fund the acquisition, for total control of the company by raising R30 million through the issue of variable rate preference shares whose dividend rate will be linked to a formula based on the prime overdraft rate.

The dividend rate will initially be 6.25 percent and any additional sums needed for the purchase will be drawn from ATI’s own resources.

Mr L.G. Baumann will continue as chief executive director of Bakers for at least three years.

The mechanism is this: the urban wage becomes the fixed minimum a decrease plus rental migration. The urban labour force actually urban wages because the fixed minimum a process of periodic random job.

The Harries-Todorov (1970) have developed a two sector model of

OF SOUTH AFRICAN UNEMPLOYMENT

THE HARRIES-TODOROV HYPOTHESES AND ITS RELATIVE TO THE EXPLANATION

47
ATI set to take over Bakers

Anglo Transvaal Industries has bought a controlling interest of 51 percent in the Durban-based baling group, Bakers, for R22.2 million which could rise to R33.6 million if all other shareholders accept the offer of 1535c a share.

The offer is 208c higher than yesterday's price of 1275c for Bakers shares on the Johannesburg Stock Exchange and should enable ATI to gain total control of the company.

ATI, the holding company for Angloveld's industrial interests, bought the 51 percent of Bakers ordinary shares from members of the Baumann family and other company shareholders.

It proposes to fund the acquisition for total control of the company by raising R30 million through the issue of variable rate preference shares whose dividend rate will be linked to a formula based on the prime overdraft rate.

The dividend rate will initially be 6.25 percent and any additional amounts needed for the purchase will be drawn from ATI's own resources.

L. G. Baumann will continue as chief executive director of Bakers for at least three years.

---

I. D. Hampton
End to Quincor speculation

From Page 1

the current market price, or
5% assuming three-times
cover.

The earnings yield would be
comfortably above 20% on the
current market price.

The rights will involve a 2-
for-1 offer of about 8.2-million
Quincor ords and/or 36% divi-
dend convertible cumulative
ppts, both at an issue price of
100c a share.

Central Merchant Bank and
Mercantile will underwrite the
rights and Quincor's controlling
shareholders — Xactico Hold-
ings, De Jager and Terner —
who hold 59.1% of the issued
ords, have undertaken to follow
their rights.

Net asset value per Quincor
share will depend on how the
mix of options in the cash-
raising exercise pans out, but
should be around 90c.

Henderson makes and distrib-
utes a wide variety of metal-
ware products, office furniture,
bonding panels and specialist
containers. The present family
management has agreed to re-
main with the company.

Under the agreement, the
parties have warranted that the
group will earn after-tax pro-
fits for the year to May 27 1981
of at least R4-million.

Pending the outcome of the
rights offer and the combina-
tion of ordinary and cumulative
ppts issued to shareholders,
the Quincor directors say the
precise impact of the takeover
on Quincor shares is
"indeterminable."

Quincor shares will be re-
stated on the stock market
from tomorrow. The company
will be moved from the furni-
ture to the industrial holding
section of the market.

Takeover rockets Quincor
earnings

By Stephen Open

A MOUTH-watering injection of
earnings has ended weeks of
speculation about the cash
shell, Quincor.

The injection comes via the
acquisition of the R23-million
Henderson metalware group by
Quincor.

This at least justifies the
price to which Quincor shares
have been lifted this week, and
probably leaves scope for
considerable further appreciation
— provided overall JSE
conditions allow.

Quincor managing director
Geoff de Jager and financial
director Charles Turner ex-
plained late on Friday that (as
foreshadowed on Page 2 of this
issue of BT) a deal had been
settled with Henderson to ac-
quire all that company's capital
with effect from May 25 1980.

The impact on earnings per
Quincor share is complicated
by the mixed nature of the
purchasing package.

This includes the issue and
allotment of 1.6-million Quincor
5c ordinaries and R16-million
in cash — to be funded from
Quincor's existing resources
plus the private placing of 6-
million variable-rate cumula-
tive ppts of 10c each at an
issue price of 100c and by a
"mixed" rights offer to raise
R37-million.

However, assuming 50% of
the rights issue is subscribed
for half in ordinary shares and
half in convertible ppts, and
also that dividends on all
two classes of ppts are paid for
a full financial year, then Quin-
cor's EPS, which would have
been only 1.0c before the deal,
will total at least 21.7c based
on profits warranted by the
vendees up to May 27 1981.

Mr De Jager says dividend
cover will be at "at least
twice", which would give a
dividend yield of about 12% on
the R16-million.

Data processing

It iscourse willil be thurae as
ly the thly course introduction
Year 1982

Introduction to the CFA curriculum — 1982

CIRCULAR TO ALL CFA STUDENTS

Change to the CFA curriculum, 1982

1. Introduction of a second-year paper:

as from 1982, the attached new CFA curriculum will apply.

IT incorporates the following changes:

1. Introduction of a second-year paper in financial management.
Sage throws down the gauntlet for Unisec

HOWARD PREECE
Financial Editor

THE Sage R126-million takeover bid for Unisec is rapidly becoming one of the biggest rough and tumble financial fights on the Johannesburg Stock Exchange in recent years.

The position now is basically this:

- The Unisec board has announced that, on behalf of more than 50% of the shareholding of Unisec, it has rejected the Sage bid.

- Sage has challenged the Unisec directors to prove that they have genuine control of their company.

- Sage has made clear its willingness to slug it out by saying that if its bid still stands, and that even if it fails to gain control of Unisec it will aim for a significant, strategic minority holding.

A major question hangs over the special purchase last week of over 1 220 000 Unisec shares at 31c against the Sage offer which incorporated a cash offer of 29c a share.

Who bought the shares?

The deal was apparently put through by stockbrokers Davis, Borkum and that strongly suggests it was not Sage.

But the deal could not have been done by Unisec itself — it is illegal for companies to buy their own shares.

Nor could it have been done by Unisec directors in private capacities — the Unisec announcement said the board had for some time been considering the payment of a bonus dividend.

Anyone buying Unisec shares who was privy to that information would be guilty of insider trading.

Commenting on the Unisec board’s rejection of its bid Sage says it “believes that ‘shareholders holding more than 50%’ referred to in Unisec’s announcement include two beneficial shareholders described as ‘associated companies’ in Unisec’s latest annual financial statements.”
Quincor takeover of Hendler in air

Shareholders in Quincor (formerly Empus and now a cash shell) will be asked to agree to the takeover of Hendler and Hendler Holdings, makers of pots, pans, galvanised products, stainless steel and office furniture, writes Ian Moon.

Quincor currently has assets amounting to some R1.2bn, and the deal will cost it R138m. This will be financed by the issue and allotment of 1.66m Quincor ordinary shares of 50c each and a cash payment of R16m. The cash will come from existing resources, the private placing of 6m variable rate cumulative redeemable preference shares and a rights offer which will raise R3.7m.

In the rights offer ordinary shareholders will be offered 3.3m shares in the ratio of two for one or 10c dividend convertible cumulative preference shares of 50c each, or a combination of the two. The rights offer is to be underwritten by Central...
Quincor pays R18m for Hendlers

BY GAIL PEMBERTON

Quincor, with assets of R1 600 000, has bought Hendlers Metal Industries for R18 million.

Hendlers will become a wholly owned subsidiary of Quincor. The deal has been backdated to May 25, 1989.

Formerly Empusa, the small cash shell Quincor, owned by Mr Hyman Meyerson, has finally made a major investment. Quincor is expected to earn about R4 million for the year to May 31, equivalent to 31.7c a share.

Hendlers was listed on the Johannesburg Stock Exchange until March 1978 when the Hendler family bought out the 41% minority shareholding for 20c a share. At that time there was an outcry from shareholders who believed they were getting a rough deal as net asset value was more than double the offer price. Nevertheless, the deal went through, and Hendlers dealt once again became a family-controlled private company.

Although Quincor's management could not be drawn on Hendlers profit record since de-listing, it is apparently satisfactory, as shown by the expected profit projection for the top company Quincor.

Hendlers management will continue to run the company. Consideration will be met by the issue of 1 600 000 Quincor shares, and R16 million in cash. Quincor will raise this by using its own cash resources of R1 600 000, and by a rights issue raising R4 500 000. Major shareholder Mr J. Meyerson will take up his 50% entitlement. The balance is to be raised by merchant bank.

The remainder of the consideration will be met by the issue of R16 million convertible redeemable preference shares.

COMMENT. Now that Quincor has made its first major acquisition, it begins to look like an interesting proposition for shareholders. On prospective earnings of 31.7c a share, Quincor yields 23.8% at the current price of 12c. Management has not said what dividend cover will be, but shareholders should be able to expect some recompense for their patience.
US giant bids for share in Rhobank

The Star Bureau, LONDON — The world's largest commercial bank, the Bank of America, is negotiating to buy out Nedbank of South Africa's 61 percent stake in its Zimbabwe subsidiary, Rhobank, according to a report in the current issue of The Banker, an influential magazine. Nedbank is keen to sell its 61 percent share of Rhobank, which, with 16 percent of deposits, is Zimbabwe's third biggest bank.

The Banker comments that as the Zimbabwe Government is no longer a potential buyer of the Nedbank interest — having linked instead with the Arab-controlled Bank of Credit and Commerce International — Bank of America is the likely candidate. "We understand discussions are very much under way," says the magazine.

2. CONCESSION TO COMPLETE H
d. Hampton Professor J. A. students) (all students) for the board (for degree students) for the board, the recommended council.

1. CONCESSIONS

The bean submits the content of the board's consideration and approval for comment. The bean is a resolution of the board which is then submitted to the executive for the board's consideration and approval. The bean is a resolution of the board which is then submitted to the executive for the board's consideration and approval.

27 November 1980

DEAN'S CIRCULAR

CONFIDENTIAL TO MEMBERS OF THE BOARD OF THE FACULTY OF COMMERCE
Rio Tinto goes into another big venture

Following the successful bid for the public shareholding in Empress and Rotrust, Rio Tinto Mining will attempt to acquire the outstanding 2 percent.

The takeover leaves Rio Tinto with about 20.3m shares in issue, giving it a market capitalisation of over ZD600m.

Rio Tinto will have a 100 percent control of Empress Nickel Mine, a copper/nickel refinery at Eiffel Plat; gold operations at Patchway, Brompton and Reice mines; Sandawana emerald mine; chrome mines and a pilot ferro-chrome plant.

Rio Tinto is also to seek mining title for the Sengwa coalfield — Jean Moon
Monopoly fears in huge food take-over

By HENRY HARINGTON

THE LANGEBERG Co-operative, which sells canned fruit and vegetables under the Koo label, will take over the assets of Picardi Canners (Piccan) early next year, giving the co-operative control of about 75 percent of the domestic canned fruit and vegetable market.

Mr Jan Pickard, chairman of Piccan, said "I have tried for five years to get a merger with farmers and the consumer can only benefit. I see the take-over as necessary for the farmers in the Western Cape to survive." Piccan has sold its assets, valued at about R7-million to Langeberg and the transaction is to be financed with loans from Piccan and Langeberg.

The PFP consumer spokesman Mr Harry Schwarz said last night 'The PFP does not believe in monopolies especially in the food industry, because history has shown that the consumer has to pay in the long run.'

He said control of 75 percent of the market could be used against people in the remaining 25 percent of the market.

He was surprised that the take-over had gone through the Competition Board without any objections being raised. He said the government would be asked to explain the situation at the next session of Parliament.

A new company, All Gold Foods Limited, is to be established to take over the operations of Piccan, with the same management. It will be a fully owned subsidiary of Langeberg, but will compete with it.

‘Advantages’

Mr Van Wyk said yesterday that he envisaged rationalisation resulting in certain items of production being done in fewer factories to eliminate duplication, but factories would not close.

"The advantages of scale can be used to improve the buying of raw materials, transport, storage and to increase volumes. We hope we will be able to lessen the rate of increases in costs," he said.

"We hope to improve exports in a market where no one has been able to supply a total order. We will be able to offer overseas customers a major package.

He said no unemployment would result from the take-over, adding that the reverse could apply with the new opportunities that would open in the food market.

The two companies presently employ about 14,000 permanent and seasonal employees.

Mr Van Wyk said he expected the take-over to result in lower price increases than in the past few years.

THEME BY

TABLE 10: AFRICAN AVERAGE ACTIVITY
A recent decision by the South African government to raise import duties on certain goods has caused concern among local producers. The increase in duties is expected to affect the cost of living for consumers, particularly in rural areas. The government has justified the move by citing the need to protect local industries and jobs. However, the decision has been met with criticism from some business owners who argue that it will stifle growth and innovation. The industry is currently undergoing a period of adjustment, with some companies struggling to adapt to the new market conditions. The decision is likely to have long-term implications for the economy, with potential effects on trade relations with key partners. 

Mr. X, who heads the local Chamber of Commerce, has expressed his concerns about the impact of the decision on small businesses. "We are already facing tough times," he said, "and this move will only add to our challenges."
VOLKSKAS Industrial Bank has acquired the entire share capital of PHH Services (Pty), a company which claims to have introduced the concept of vehicle fleet management to South Africa.

PHH in the United States is said to be the largest in the vehicle fleet management business and its operations extend to Canada and Britain.

The now wholly South African-owned company will maintain close liaison with PHH of the US.
Schwarz hits at Langeberg deal

The chairman of Langeberg, Mr J J A van Wyk, said Langeberg would not have a monopoly as it faced competition from frozen and fresh produce. However, the Progressive Federal Party spokesman on consumer affairs, Mr Harry Schwartz, said he saw the takeover as "approaching a monopoly" and would ask the government to explain the situation at the next session of Parliament.

The takeover has been approved unconditionally by the Competition Board.

The announcement follows the publication of comments by the general manager of Langeberg, Dr Johan Mouton, about difficult marketing conditions abroad.

Dr Mouton attributed these conditions to the strength of the rand and the weakening of the economies of South Africa's main trading partners as well as overproduction and a sustained rise in production costs.

Dr Mouton said: "The advantages of scale can be used to improve the buying of raw materials, transport, storage and increased volumes. We hope we will be able to lessen the rate of increases in costs," he said.

"We hope to improve exports in a market where nobody has been able to supply a total order. We will be able to offer overseas customers a major package."

He said that no unemployment would result from the takeover, adding that the reverse could apply with new opportunities in the food market.

The two companies employ about 14,000 permanent and seasonal employees.

Mr Van Wyk said he expected the takeover to result in lower price increases than in the past few years.

Piccan has said its assets valued at around R7-million to Langeberg, and the transaction is to be financed with loans from Piccan and Langeberg.

Mr Schwartz said: "The PFP does not believe in monopolies, especially in the food industry, because history has shown that the consumer has to pay in the long run."

He said control of 75% of the market could be used against people in the remaining 25% of the market.

He was surprised that the takeover had gone through the Competition Board without any objections being raised.
Piccan becomes cash shell

PICARDI CANNERS will become a cash shell with R6,8-million for reinvestment on January 31 after the sale of its assets — five fruit and vegetable canning factories — to Langeberg Co-operative.

Losses of more than R6,8-million were pilled up by Piccan over the past six years.

The disposal of the canning operations will substantially improve the profit trend of the holding company, Picardi Investments (Picbel), which owns 86 percent of Piccan, says the chairman, Mr Jan Pickard.

A preliminary reinvestment of the proceeds of the sale is expected to earn R654 000 a year for Piccan, of which R477 000 will go to Picbel.

This will increase Picbel's earnings from Piccan by R271 000 or 6,1c a share.

The deal will also eliminate debts of R31,7-million from Picbel's balance sheet and improve its debt to equity ratio to 50:50 from 53:33, says Mr Pickard.

Picardi Finance's income from Piccan will jump by R353 000 to R569 000, up 10,3c a share.

The debt of R31,7-million will also come off Picfin's balance sheet and the debt to equity ratio will improve sharply to 42:35 from 64:38.

Net asset value of Picbel and Picfin will not be affected by the deal, says Mr Pickard.

Tom Hood
Pickard still eyes Tollgate

Own Correspondent

CAPE TOWN. — Mr Jan Pickard remains interested in buying Tollgate, but including the existing cash holdings. A Tollgate stripped of its cash has seemingly little lustre.

"This emerged from Fichel annual meeting here"

Questioned by a shareholder, Mr Izy Goldberg, he said that earlier his group had been close to bidding for a controlling stake, but his advisers had taken the view that it was wiser to wait for the disposal of Shield.

Although still maintaining his silence on how many Tollgate shares he hold, Mr Pickard has left his options open.
Sinclair Holdings Limited
(“Sinclair”)
(Incorporated in the Republic of South Africa)

Mercabank Limited is authorised to announce that:
a consortium represented by Mr Bazil Shlom has acquired sufficient shares in Sinclair through The Johannesburg Stock Exchange to effectively vest control of Sinclair in that consortium.
Mr Shlom is to be appointed with immediate effect as the managing director and chief executive of Sinclair.
It is Sinclair’s intention to vigorously pursue its previously stated policy of seeking out investment opportunities.

December 1980
JOHANNESBURG

Mercabank LIMITED
(Registered merchant bank)
ATI swops bolts and lights for Grinaker

By DAVID CARTE
Deputy Financial Editor
GRINAKER Holdings, one of the country’s Big Five construction groups, is to become a subsidiary of Anglo Transvaal Industries in exchange for control of ATI’s National Bolts and Claude Neon Lights.

In a deal worth about R36-million, announced by the parties today, Globe Engineering Works, which is indirectly controlled by ATI, has acquired 776,100 shares in Grinaker at an average cost of R1,08c a share.

This compares with Grinaker’s closing price of R1,00c on Christmas Eve.

Now ATI proposes to sell its 46% of National Bolts and 51% of Claude Neon Lights to Grinaker for the issue of R10,000 new Grinaker shares. At Wednesday’s closing price, these were worth R15,000, making the total effective price tag on the deal nearly R34-million.

National Bolts closed on 35c.

This puts a market value of R10,500,000 on the $116,000 Hat-bolt shares Grinaker is to receive. Claude Neon closed on 14c, putting a market value of R4,500,000 on the 325,000 Claude Neon shares Grinaker is to acquire. This means the market value of Grinaker’s holdings in the two companies at R15,000,000.

All this, however, means that the market value of Grinaker’s new holdings in the two companies.

Globe intends to acquire additional Grinaker shares either in the market or, in terms of an agreement already concluded, from Grinaker directors to give singular control to the new holding company.

After this transaction, ATI, Globe and Mr. N. Ola Grinaker and family, who hold 901,259 shares in Grinaker, will pool their holdings in an unlisted pyramid company in exchange for shares in the pyramid.

Globe intends to acquire sufficient additional Grinaker shares either in the market or, in terms of an agreement already concluded, from Grinaker directors to give singular control to the new holding company.

After the deal there will be 870,500 Grinaker shares in issue, of which the new holding company will hold 3,100,000. For singular control it needs 3,100,000 shares, so on Monday ATI will be seeking another 94,551 shares in the market.

The fact that these “controlling” shares will be bought in the market deviates the need to make an offer to minority shareholders and there will not be one.

But the parties will have to advertise the deal today and on Monday to ensure that all shareholders get to know about ATI’s presence on the market on Monday.

At the end of the deal, ATI will hold 46% of the new company directly and 22% indirectly through Globe. The Grinaker family will hold the remaining 32%.

With this transaction AngloTransvaal becomes the third major mining house to acquire a large construction company. AngloTransvaal controls LTA and Gencon in Durban and Hodgson.

Mr. John Hodgson, chairman of Hodgson and Hodgson, which built up a strategic 30% to 50% holding in Grinaker, yesterday confirmed he was “astounded” to hear of the deal.

Dah, he said, sold its stake in Grinaker back to the Grinaker family on December 8 at the prevailing market price, then 1,00c.

COMMENT: With this deal, Grinaker appears to have been running for cover. The group has always valued its independence and ATI, which is not a very active manager of its subsidiary, should not interfere with this in the way that Dah might.

So the main attraction for Grinaker was probably that it secures the control situation and management’s independence.

The second attraction might have been ATI’s financial muscle, which will come in handy on the construction side, when this really gets moving in the next three to five years.

It is hard to see any synergy for Grinaker as the National Bolts and Claude Neon stake. But ATI’s 7% holding in AngloAlpha, the country’s second biggest cement maker, could conceivably hold attractions for Grinaker, which is big not only in construction but in precast concrete products such as railway sleepers.

Apart from its present and reinforcing activities, Grinaker, an exceptional contractor, has no track record running industrial companies. These, like Grinco, the electronics arm, will probably be allowed to set their own course.

It would not be surprising if management in these companies ends up with stakes in them, as in Grinco.

The Grinaker share price seems bound to spurt on Monday and it should consolidate at a higher level, even after ATI has its additional 84,551 shares.

The deal must be hungry ATI — which recently also took over Bakers — as it acquires control of a top construction and electronics group, as well as expert engineering management, at a real premium to the market price.